

# **EPHRAIM MOGALE LOCAL MUNICIPALITY**



## **ANNUAL REPORT JULY 2009 - JUNE 2010**

TABLED IN COUNCIL ON 12 MAY  
2011

## Table of Contents

I. INTRODUCTION AND OVERVIEW .....	5
A. MAYOR'S FOREWORD .....	5
B. OVERVIEW OF THE MUNICIPALITY.....	7
C. COUNCIL OF THE MUNICIPALITY.....	7
D. MEMBERS OF THE EXECUTIVE COMMITTEE OF THE MUNICIPALITY .....	9
E. MANAGERS OF THE MUNICIPALITY .....	9
F. PORTFOLIO COMMITTEES OF THE MUNICIPALITY.....	10
II. EXECUTIVE SUMMARY.....	12
A. VISION .....	14
B. MISSION .....	14
C. FINANCIAL VIABILITY .....	14
D. MUNICIPAL MANAGER FOREWORD .....	16
III. PERFORMANCE HIGHLIGHTS .....	18
A. SERVICE DELIVERY HIGHLIGHTS .....	18
B. BACKLOGS IN SERVICE DELIVERY .....	20
C. BUILDING AND ZONING PLANS.....	22
IV. HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT.....	22
A. PROGRAMS TO IMPROVE SKILLS DEVELOPMENT.....	22
i. ACHIEVED TRAINING ACTIVITIES FOR 2008 AND 2009. ....	22
ii. NUMBER OF STAFF PER FUNCTION. ....	25
iii. REMUNERATION DISCLOSURE – Holders of Public Office. – Full Time .....	26
iv. REMUNERATION DISCLOSURE – Holders of Public Office. – Part Time .....	27
v. REMUNERATION DISCLOSURE – Holders of Public Office. – Administrative Positions.....	28
V. ANNUAL FINANCIAL STATEMENTS – FOR THE YEAR ENDED 30 JUNE 2010.....	29



VI. REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF EPHRAIM MOGALE LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2010 .....	109
VII.MANAGEMENT COMMENTS AND REPLY TO THE REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF EPHRAIM MOGALE LOCALMUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2010 .....	117
VIII.FUNCTIONAL AREA SERVICE DELIVERY REPORTING .....	123
A. FINANCE AND ADMINISTRATION .....	123
B. STRATEGIC PLANNING .....	134
C. COMMUNITY SERVICES DEPARTMENT .....	139
D. TECHNICAL SERVICES .....	151
E. CORPORATE SERVICES .....	168
Policies/By Laws/Tariffs .....	174
IX. PERFORMANCE INFORMATION 2009/10 IN COMPARISON TO 2008/09, MEASURES TO IMPROVE PERFORMANCE & PERFORMANCE OF SERVICE PROVIDERS .....	176
A. MUNICIPAL MANAGER.....	176
B. TECHNICAL SERVICES .....	180
C. STRATEGIC PLANNING .....	184
D. CORPORATE SERVICES - ADMINISTRATION AND LEGAL .....	188
E. CORPORATE SERVICES – HUMAN RESOURCES .....	189
F. CORPORATE SERVICES – INFORMATION COMMUNICATION TECHNOLOGY .....	191
G. CORPORATE SERVICES – COUNCIL SUPPORT .....	192
H. COMMUNITY SERVICES.....	193
I. Youth, Sport, Arts and Culture .....	194
J. YOUTH ADVISORY CENTRE .....	195
L. FINANCIAL SERVICES .....	200



## ***Table of Pictures***

Picture 1 Executive Mayor .....	6
Picture 2 Speaker of the Council.....	6
Picture 3 Flag Boshielo Dam .....	15
Picture 4 Potato Sunflower and Wheat Farming.....	15
Picture 5 Tap installed for basic service delivery.....	17
Picture 6 Municipal Manager.....	17
Picture 7 Golf course to be developed .....	17
Picture 8 Golf Club to be developed .....	17
Picture 9 Electricity Supply to Rural Community .....	21
Picture 10 Bulk Supply Electricity Lines .....	21
Picture 11 Marble Hall fruit in Barcelona Spain.....	24
Picture 12 Marble Hall Fruit in France .....	24
Picture 13 Bulk Water Reservoir .....	27



## I. INTRODUCTION AND OVERVIEW

### MAYOR'S FOREWORD

There is a remarkable progress that has been seen in this municipal area in trying to address the imbalances of the past, to deliver quality services and promote better life for all. In order to ensure delivery the municipality embarked on a turn around strategy which progress forms part of the IDP.

It is expected of the municipality to offer residents good infrastructural development such as well built and maintained roads, decent houses, enough clean and running water, sanitation, electricity, crime free area, clean environment, adequate health services, employment, care for the disabled, the sick and the aged, good governance and many other services. In all of these fields work has been done. The limited budget of the municipality, together with grants from the National and Provincial Governments have gone a long way to improve the living conditions of our people.

Projects that were implemented and completed are Leeuwfontein Internal Streets, Rathoke/ Matlerekeng Road, Leeuwfontein taxi rank, Manapyane access road, Zamenkomst MPCC, Tsimanyane public lighting and Moeding High mast lights.

Projects that are in planning, tender phase are Building of bridge :Manotolwaneng, building bridge: Mathukuthela, Moganyaka access roads, Keerom /Uitvlugt roads, Marble Hall stormwater, Kloppe community hall, Vaal bank internal roads and Malebitsa internal streets.

I want to thank the members of the Executive Committee, Councilors, Officials, all Stakeholders and the members of the community for their unwavering support in working together to ensure better life for all.

Me M.Y Mmakola  
MAYOR





Picture 1 Mayor



Picture 2 Speaker



## OVERVIEW OF THE MUNICIPALITY

The Ephraim Mogale Local Municipality is situated in the western part of Greater Sekhukhune District Municipality. The land area is approximately 1911 square kilometers. The Municipality has been incorporated in Limpopo Province in accordance with proclamation no.422 dated 27 December 2005.

The municipal area encompasses the towns of Marble Hall, Elandskraal, Leeuwfontein, Regae, Zamenkomst and rural villages.

The Municipality has an estimated population of 174375 people.

The Council is made up of 27 councillors, 14 ward councillors and 13 PR councillors.

## COUNCIL OF THE MUNICIPALITY

NAME AND INITIALS	GENDER	WARD	VILLAGES
Councillor E.K Laka	Ms	1	♦ Vlakplaas ♦ Spitspunt ♦ Driefontein
Councillor A.M. Mampana	Ms	2	♦ Mokwaneng ♦ Witfontein ♦ Tshikanoshi ♦ Doornlaagte
Councillor L.B Modisha	Ms	3	♦ Uitvlucht ♦ Keerom
Councillor L. Seloane	Ms	4	♦ Rathoke/Makeepsvlei ♦ Zamenkomst
Councillor T.T. Maila	Mr	5	♦ Toitskraal ♦ Wolwekraal
Councillor L.J Mphahlele	Mr	6	♦ Greater Marble Hall ♦ Swartkop
Councillor M.E. More	Mr	7	♦ Leeuwfontein ♦ Moosrivier



NAME AND INITIALS	GENDER	WARD	VILLAGES
Mayor Councillor M.Y Mmakola	Ms	8	<ul style="list-style-type: none"> <li>♦ Manapjane</li> <li>♦ Moganyaka</li> <li>♦ RDP Leeuwfontein</li> </ul>
Councillor F.S. Sedibane	Mr	9	<ul style="list-style-type: none"> <li>♦ Moeding</li> <li>♦ Mamphokgo</li> <li>♦ Makgatle (Hututu School)</li> <li>♦ Thoke Primary School</li> <li>♦ Mmatilu</li> </ul>
Councillor P.M. Nkadimeng	Mr	10	<ul style="list-style-type: none"> <li>♦ Boekenhoutlaagte</li> <li>♦ Mmakgatle</li> <li>♦ Selebaneng</li> <li>♦ Ngwalemong</li> <li>♦ Greenside</li> <li>♦ Mabitsi 'B' Ga-Rakgoadi</li> <li>♦ Goru</li> <li>♦ Serithing</li> <li>♦ Vaalbank</li> </ul>
Councillor K M Seoka	Mr	11	<ul style="list-style-type: none"> <li>♦ Ga-mathukuthela</li> <li>♦ Disanyane</li> <li>♦ Garagopola</li> <li>♦ Monotolwaneng</li> <li>♦ Moomane</li> <li>♦ Ga-Masha</li> <li>♦ Mohlalaotwane</li> <li>♦ Frischgewaagd</li> <li>♦ Ga-Mmela</li> </ul>
Councillor S.Z. Modige	Ms	12	<ul style="list-style-type: none"> <li>♦ Mohlotse</li> <li>♦ Ditholong</li> <li>♦ Tsimanyane</li> <li>♦ Mogalatsane</li> <li>♦ Phetwane</li> <li>♦ Matseding</li> <li>♦ Tompi Seleka</li> <li>♦ Mooihoek</li> <li>♦ Letebejane</li> <li>♦ Mashemong</li> </ul>
Councillor P.M. Mashabela	Mr	13	<ul style="list-style-type: none"> <li>♦ Elandskraal</li> </ul>





NAME AND INITIALS	GENDER	WARD	VILLAGES
			♦ Morarela ♦ Mbuzini
Councillor M.E. Mokwena	Ms	14	♦ Dichoeung ♦ Tsantsabela
Councillor P.M Matlala	Mr	PR	♦ PR Councillor
Councillor K.S.D Mokoka	Ms	PR	♦ PR Councillor
Councillor A.C Tsiane	Mr	PR	♦ PR Councillor
Councillor M.R Seono	Ms	PR	♦ PR Councillor
Councillor M.E Mohlamonyane	Mr	PR	♦ PR Councillor
Councillor W.M. Monama	Ms	PR	♦ PR Councillor
Councillor M.F.Lekola	Mr	PR	♦ PR Councillor
Councillor F.E Tladi	Ms	PR	♦ PR Councillor
Councillor W.M Mabaso	Ms	PR	♦ PR Councillor
Councillor S.B Mashego	Mr	PR	♦ PR Councillor
Councillor J Oosthuizen	Mr	PR	♦ PR Councillor
Councillors L.M Matlala	Mr	PR	♦ PR Councillor
Councillor J.M Napo	Mr	PR	♦ PR Councillor

### MEMBERS OF THE EXECUTIVE COMMITTEE OF THE MUNICIPALITY

NAME AND INITIALS	GENDER
Councillor P M Nkadimeng	Mr
Councillor M.L. Seloane	Ms
Councillor J.Oosthuizen	Mr
Councillor M.E. Mohlamonyane	Mr

### MANAGERS OF THE MUNICIPALITY

NAME AND INITIALS	GENDER	POSITION
S R Monakedi	Mr	Municipal Manager
L M Makopo	Mr	Unit Manager Community Services
T Mathabatha (Since October 2009)	Ms	Chief Financial Officer
S M Komape	Ms	Unit Manager Technical Services
B P Marais	Mr	Acting Manager Strategic Planning
P Matseke	Mr	Acting Manager Corporate Services



## PORTFOLIO COMMITTEES OF THE MUNICIPALITY

NAME OF COUNCILLOR	DESIGNATION	CELL NUMBERS
<b><i>CORPORATE SERVICES PORTFOLIO COMMITTEE</i></b>		
L.M. Seloane	Chairperson	082 575 6488
F.S. Sedibane	Member	082 575 4816
L.J.Mphahlele	Member	082 575 8108
W.M. Monama	Member	082 575 5244
S.B. Mashego	Member	082 575 8168
W.M. Mabaso	Member	082 575 5371
<b><i>FINANCE &amp; IDP PORTFOLIO COMMITTEE</i></b>		
M. E Mohlamonyane	Chairperson	082 575 5656
M.E. More	Member	082 575 8044
M.R. Seono	Member	082 575 5274
K.M.Seoka	Member	073 161 7532
K.S.D Mokoka	Member	082 575 6617
S.Z. Modige	Member	082 575 5835
<b><i>TECHNICAL &amp; PLANNING PORTFOLIO COMMITTEE</i></b>		
P.M.Nkadimeng	Chairperson	082 575 4558
M.E. Mokwena	Member	082 575 5849
P.M. Mashabela	Member	082 575 5429
M.J. Napo	Member	082 575 5021
E.K. Laka	Member	082 575 5411
P.M. Matlala	Member	082 575 9517
T.T. Maila	Member	082 575 5190



NAME OF COUNCILLOR	DESIGNATION	CELL NUMBERS
<b>COMMUNITY SERVICES PORTFOLIO COMMITTEE</b>		
J. Oosthuizen	Chairperson	082 575 6867
F.E Tladi	Member	082 575 8104
L.B. Modisha	Member	082 575 5207
A.M. Mampana	Member	082 575 8146
M.F. Lekola	Member	082 575 5394
L.M. Matlala	Member	082 575 7313
<b>ETHICS &amp; RULES COMMITTEE</b>		
A.C. Tsiane	Chairperson	082 575 6873
L. Seloane	Member	082 575 6488
J. Oosthuizen	Member	082 575 6867
E.M Mokwena	Member	082 575 5849
P.M. Nkadameng	Member	082 575 4558
<b>OVERSIGHT COMMITTEE</b>		
M.E. Mokwena	Member	082 575 5849
Modige Z.S	Member	082 575 5835
L.J.Mphahlele	Member	082 575 8108
W.M. Mabaso	Member	082 575 5371
Matlala P.M	Member	082 575 9517



## II. EXECUTIVE SUMMARY

The name of the municipality was changed to Ephraim Mogale Local Municipality by an amendment of section 12 notice in Provincial Gazette No 1721 by general notice 10 of 2010 on 28 January 2010 with new logo and slogan – RE HLABOLLA SETSHABA which means “We develop our people” The municipality is a semi urban local municipality.

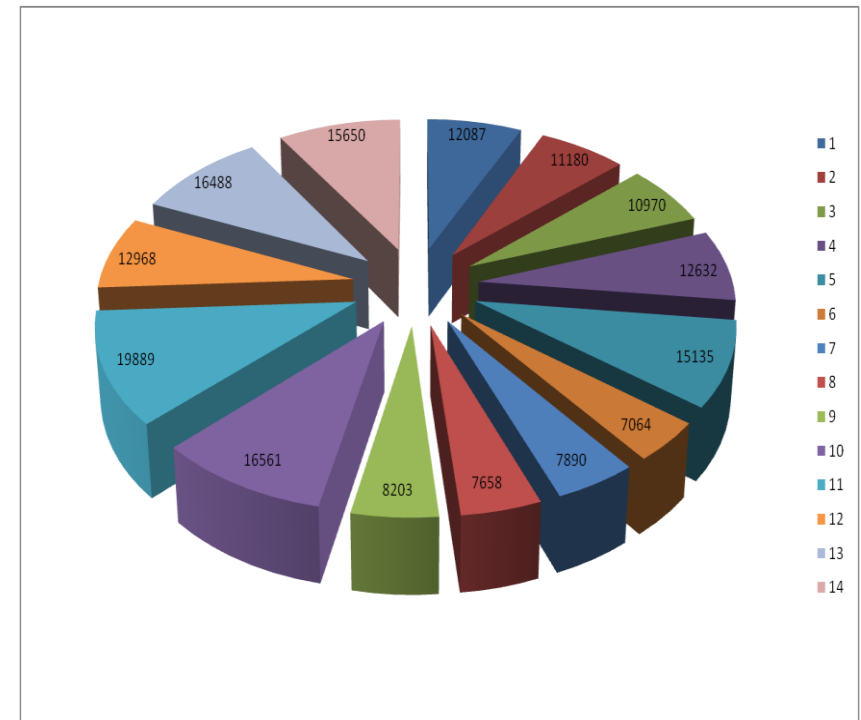
The Municipality was established after the 2000 local election with the amalgamation of Marble Hall, part of Moutse TLC (West), Leeuwfontein, portion of Hlogotlou/Lepelle TRC, Greater Nebo North TRC, portion of Naboomspruit/Roedtan Thusang TLC and Springbokvlakte TLC. The Municipality was a cross border between Limpopo and Mpumalanga provinces. After the 2006 municipal elections the municipality was incorporated to Limpopo Province. The Municipality is at the border of the two above mentioned provinces. It is about 160km from Pretoria and about 190km from Polokwane. The area is about 1911.07km<sup>2</sup>. With the amalgamation of parts of eight former Transitional Local Councils resulted in the establishment of the Ephraim Mogale local Municipal area, with fourteen (14) wards. It has got one (1) town and two (2) R293 towns and 67 villages. The population of Ephraim Mogale local Municipality is 174375.

The Municipality is providing water only in Marble Hall Leeuwfontein and Zamenkomst, electricity only at Marble Hall and street lights to the other areas. Electricity to other areas are provided by ESKOM, solid waste only at Marble Hall and Leeuwfontein and sanitation only at Marble Hall and Leeuwfontein. Currently the Municipality is battling with the huge backlog in terms of water provision, sanitation and roads construction.

The average annual rainfall is about 634 mm. Marble Hall boasts a pleasant climate with an average maximum winter temperature of 23°C and an average maximum summer temperature of 29, 5°C Population growth rates were derived from the latest DBSA growth rates their population estimates based on low and high HIV/Aids impact scenarios. An average of their growth rates for each scenario were determined and applied.



Ward	Population	Area (km <sup>2</sup> )	Density (p/km <sup>2</sup> )
1	12 087	50.81	275.49
2	11 180	156.65	71..36
3	10 970	21.51	509.99
4	12 632	54.51	231.73
5	15 135	327.03	46.28
6	7 064	308.48	22.89
7	7 890	68.63	114.96
8	7 658	32.65	234.54
9	8 203	166.81	49.17
10	16 561	155.57	106.45
11	19 889	174.85	113.74
12	12 968	128.97	100.55
13	16 488	199.65	82.58
14	15 650	64.95	240.95
Total	174 375	1 911.07 km <sup>2</sup>	91.24 p/km <sup>2</sup>



The average population density for the entire area is 91.24 persons/km<sup>2</sup>. The Western part (Ward 1 – 5) has an average of 226.97 persons per km<sup>2</sup>, the central part (Ward 6) has an average of 22, 89 per km<sup>2</sup> whilst the Northern and Eastern part (Wards 7 – 14) has an average of 130.36 persons per km<sup>2</sup>.

More statistics can be obtained from the [IDP](#) (Integrated Development Plan) of Ephraim Mogale local Municipality.



## VISION

**“VIALE AND SUSTAINABLE MUNICIPALITY THAT PROVIDE QUALITY SERVICES”**

## MISSION

**“TO INVOLVE ALL SECTORS OF THE COMMUNITY IN ECONOMIC DEVELOPMENT WHILST IMPROVING SERVICE DELIVERY”**

## FINANCIAL VIABILITY

The Municipality has developed a revenue enhancement strategy to bill Leeuwfontein for rates and refuse removal.

The Municipality has also compiled a valuation roll for the entire area and rates accounts will be issued in near future. As mentioned in paragraph 2 above the municipality is also busy with the registration of indigents for Council to subsidize them. This initiative of registration of indigents will require funding and the Council intend to use a certain percentage from the money received for free basic services to compile the register. This will definitely involve the community at large.

The progress thus far we managed to load the data for Leeuwfontein into the Munsoft system, although we have not yet been able to issue out accounts due to wrong opening balances, of which the Council is busy working on it. We have also issued a notice calling for consumers at Leeuwfontein who are unemployed to come and register as indigents to the office.

The challenges which the Municipality is faced with is that it is not going to be easy for Council to collect at the rate as in Marble Hall to other areas, as we all know that in the past rural areas used to get services free of charge. Therefore the Council is faced with a mammoth task of ensuring that education is done to our communities for payment of services.





Picture 3 Flag Boshielo Dam



Picture 4 Potato Sunflower and Wheat Farming



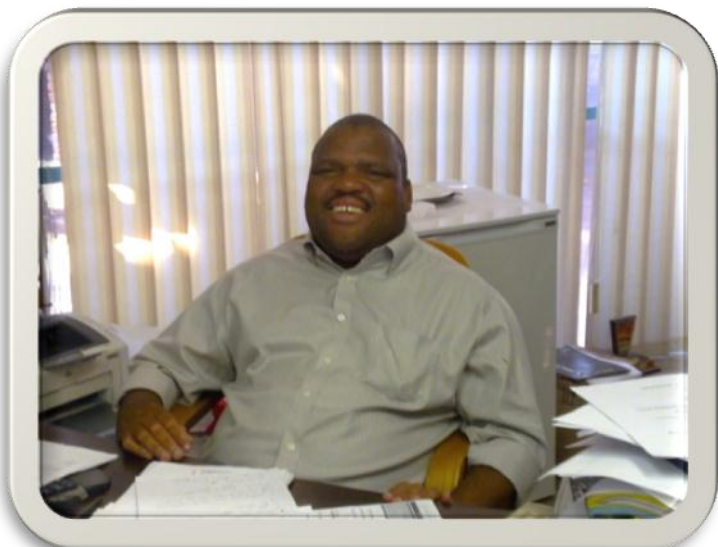
## MUNICIPAL MANAGER FOREWORD

**Mr Republic Monakedi**

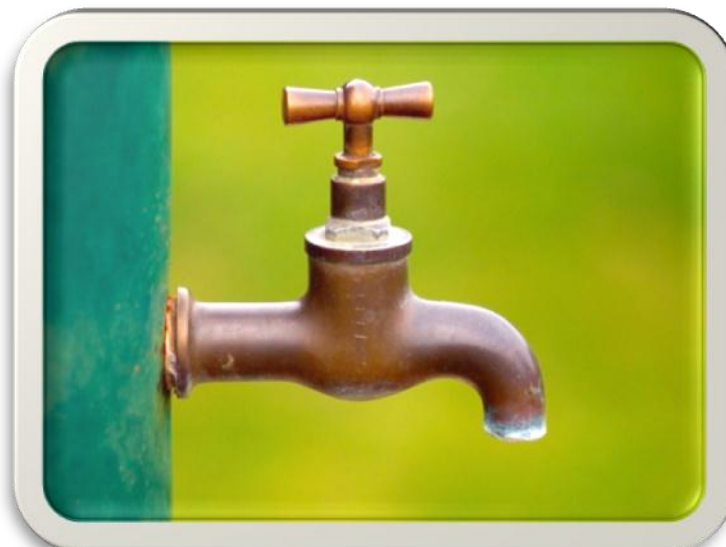
**MUNICIPAL MANAGER**







Picture 6 Municipal Manager



Picture 5 Tap installed for basic service delivery



Picture 8 Golf Club to be developed



Picture 7 Golf course to be developed



### III. PERFORMANCE HIGHLIGHTS

#### SERVICE DELIVERY HIGHLIGHTS

The Municipality continued to register noticeable progress in terms of various key service delivery areas. Electrification was provided to households. The result of this is that all the villages and settlements within the Municipality have been electrified except Gareagapola. The only electrification request being received from communities is with regard to extension and post connections in these villages and settlements.

##### ***Water Services***

Water reticulation projects for Leeuwfontein ext, Driefontein ext, Zamenkomst ext, Moomane, Ragwadi, Matlala (Toitskraal) Mabitsi A & B, Mamphokgo Mmakgatle, Matilu and Puleng has been implemented (completion of some of these projects that are not yet completed are being addressed by the technical department with SDM).

Water authority lies with SDM (limited decision making), the Council has in the previous financial year signed a service level agreement for the provision of water for three areas namely Marble Hall town, Leeuwfontein and Zamenkomst.

Communities in the Moutse west area are not provided with regular water supply due to lack of bulk water supply service problems. The Water Services Authority is still addressing bulk source challenges. In the meantime these communities are benefiting from a maintenance team appointed by the Water Services Authority to channel water to various villages at certain times in order that all communities receive water .

The Municipality in addressing the water problem has completed the following projects:

- Ward 7, 13 and 14 have metered stand connection.
- Ward 6 has metered house connection.
- Most villages from ward 8 to 12 have RDP stand pipes as reticulation.

The minimum service standards used by the Municipality for the various services are as follows:

- Water – 6kl
- Electricity – 30KWH



### ***Electricity Services***

The Municipality distributes electricity to Marble Hall town and three adjacent farms (Portions 374-376, Loskop 12-JS) in Ward 5. Eskom provides electricity directly to the consumers in the remainder of the Municipal area, which operate on a pre-paid system. Eskom compiled Electrification Master Plans to prioritise their electrification projects. There is a total of 15 Vending Stations in the area.

The settlements of which parts are provided with street lighting or high mast lights, are Marble Hall, Leeuwfontein, Moganyaka South, Mamphokgo, Mmotwaneng, Regae , Elandskraal Matlerekeeng Matlala-a-Ramashebo and Driefontein. Community lights have been installed at Spitspunt, Moeding and Tsimanyane North. These points are waiting for ESKOM to supply electricity to the points.

The total backlog for electricity connections in term of the ward committee visits are 1782 connections. Electricity backlog for the municipality has been reduced since year 2000 from 40% to less than 20%. The electricity bylaws & policies, energy plan and energy efficiency (energy savers) has been drafted and will be advertised for public comments.

### ***Roads Infrastructure***

The only major route running through the municipal area is the N11 which links Marble Hall with Groblersdal to the south, and Mokopane via Roedtan and with the N1 between Polokwane and Pretoria to the west and north. The maintenance of the N11 has already been started by both the Council and the National Road Agency.

### ***District Services***

The municipality provides emergency services on behalf of the SDM which include paramedic assistance for road accidents and fire brigade and disaster management services. Other services rendered by the municipality include sports, art, culture, youth, gender and disability desk programs.

### ***Free or subsidized basic services (social package) and financial implications.***

The unemployment rate is 58% in the Ephraim Mogale Local Municipality and this poses a serious challenge to the Council for the provision of free basic services as well as payment of services. The Council is still in a process of registering indigents. The Council has started to provide free basic electricity. The number of households benefited out of this initiative is 2095.

### ***Other Services***

Council has moved towards the implementation of property rates in the area of jurisdiction but in the case of formal and Informal Settlements, all properties with a ratable value of up to R50 000 receives a rebate of 60%. In the case of farm portions and Agricultural holdings a rebate of 50 % is granted.



## BACKLOGS IN SERVICE DELIVERY

30 June 2010			
	Required	Budget	Actual
<b>Water Backlog (6kl per month)</b>			
Backlogs to be eliminated(No Households not receiving minimum standard of service)	6 225	0	0
Backlogs to be eliminated(Percentage – HH identified as backlogs/total HH in municipality)	19%	0	0
Spending on new infrastructure to eliminate backlogs(Rand 000)	0	0	0
Spending on renewal of existing infrastructure to eliminate backlogs(Rand 000)	0	0	0
Total spending to eliminate backlogs(Rand 000)	0	0	0
Spending on maintenance to ensure no new backlogs created(Rand 000)	1 200		
<b>Sanitation Backlog</b>			
Backlogs to be eliminated(No Households not receiving minimum standard of service)	29 169		
Backlogs to be eliminated(Percentage – HH identified as backlogs/total HH in municipality)	90%	5.0%	5.0%
Spending on new infrastructure to eliminate backlogs(Rand 000)	0	0	0
Spending on renewal of existing infrastructure to eliminate backlogs(Rand 000)	0	0	0
Total spending to eliminate backlogs(Rand 000)	0	0	0
Spending on maintenance to ensure no new backlogs created(Rand 000)	90	82	45
<b>Refuse Removal Backlog</b>			
Backlogs to be eliminated(No Households not receiving minimum standard of service)	29 959		
Backlogs to be eliminated(Percentage – HH identified as backlogs/total HH in municipality)	92.7%	12.9%	12.9%
Spending on new infrastructure to eliminate backlogs(Rand 000)	R1 250	R	R
Spending on renewal of existing infrastructure to eliminate backlogs(Rand 000)	0	0	0
Total spending to eliminate backlogs(Rand 000)	R1 250	R	R
Spending on maintenance to ensure no new backlogs created(Rand 000)	R1 320	R	R



30 June 2010			
	Required	Budget	Actual
<b>Electricity Backlog (30 KWH per month)</b>			
Backlogs to be eliminated(No Households not receiving minimum standard of service)	1608		
Backlogs to be eliminated(Percentage – HH identified as backlogs/total HH in municipality)	5%		
Spending on new infrastructure to eliminate backlogs(Rand 000)	16038		
Spending on renewal of existing infrastructure to eliminate backlogs(Rand 000)	5000		
Total spending to eliminate backlogs(Rand 000)	18238		
Spending on maintenance to ensure no new backlogs created(Rand 000)	1000		
<b>Road Backlog</b>			
Backlogs to be eliminated(No Households not receiving minimum standard of service)	404		
Backlogs to be eliminated(Percentage – HH identified as backlogs/total HH in municipality)	89.6%		
Spending on new infrastructure to eliminate backlogs(Rand 000)	727 000		
Spending on renewal of existing infrastructure to eliminate backlogs(Rand 000)	36 600		
Total spending to eliminate backlogs(Rand 000)	763 600		
Spending on maintenance to ensure no new backlogs created(Rand 000)	1200		



Picture 9 Electricity Supply to Rural Community



Picture 10 Bulk Supply Electricity Lines



## BUILDING AND ZONING PLANS

Applications outstanding 1 July 2008	Category	Number of new applications received 2008/9	Total value of applications received Rand	Applications outstanding 30 June 2009
40	Residential new	41	8 633 312	0
0	Residential additions	0	0	0
0	Commercial	0	0	0
0	Industrial	0	0	0
0	Other (specify)	0	0	0

## IV. HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT

### PROGRAMS TO IMPROVE SKILLS DEVELOPMENT

#### i. ACHIEVED TRAINING ACTIVITIES FOR 2009 AND 2010.

##### **INTRODUCTION.**

This report covers the number of trainings we have achieved on workshops and training courses for the 2009/2010 on Skills Development.

##### **NUMBER OF TRAININGS AND ACTIVITIES.**

- WSP and ATR for 2008 & 2009 completed and submitted.
- The following officials and councilors are attending a Certificate for Program Municipal Development ( CPMD). They are:
- Three councilors
  1. Mohlamonyane ME,



- 2. Mphahlele L and
  - 3. Mayor Mmakola E,
- Four Managers
  - 1. Mabotha MS,
  - 2. Matseke MP,
  - 3. Mkhwanazi R
  - 4. and Komape M
- And Two officials
  - 1. Makgopa C and
  - 2. Ledwaba N.
- Two Examiners of Drivers Licence from Traffic Division namely Matlala M.V. and Malatji C attended E-natis courses at Tasima and received their certificates both attendance and qualifications.
- One official Manyelo G. is attending Performance Management system with DBSA.
- Six officials Nkudi M.P., Mabotha M.S, Masenya R, Malesoena P, Mashakoe M.S and Maree R. attended Munsoft training in Johannesburg from 19 -23/01/2009.
- Twenty officials attended Computer literacy Basic Course from 1-5 June 2009 with DBSA and completed their Portfolio of Evidence. They are still waiting for their certificate currently. They are:

- 1. Mothogwane M.T.
- 2. Sereko L.J.
- 3. Mahlakoane A.B.
- 4. Boshielo H.S.
- 5. Mashishi K.G.
- 6. Mamahlodi S.M.
- 7. Moleba M. D.
- 8. Ntshwanyana D.M.
- 9. Mampa M.A.
- 10. Lodi N.A.

- 11. Lekala P.R.
- 12. Matsekoleng M.T.
- 13. Nakene M.T.
- 14. Thema L.B.
- 15. Mabitsela M.F.
- 16. Tsotetsi B.M.
- 17. Ramakgotse G
- 18. Motong W.M.
- 19. Malapane M.O.
- 20. Mahlangu M.P.

- Four Cashiers from Traffic Division attended Computer literacy training and received their certificate and also attended E-natis courses at Tasima and also received their certificate of attendance .Namely Choeu M.S., Nakene M.T., Masemola and Kgoetego L.M.
- Four officials currently are attending Certificate in Accounting and are going to take at least eight months. Namely Lodi N.A., Choeu M.S., Ramakgotse G and Nakene M.T.
- Two community members Ngwenya A.E. and Matsepe A.M. are receiving experiential training from our Institution.





- Bursaries are available for Community members and Staff members. Adverts have been issued and close on the 15 December 2009 for 2010 academic year.
- Thirty five community members received learnership characterized by different types of fields such as Tourism, Hospitality and administration. And are still waiting for certificates from service provider. They are:

1. Bogopa T.L.
2. Diphofa D.D
3. Makola T.P.
4. Manku M.L
5. Matlala T.S.
6. Maabane M.D.
7. Mampana T.M.
8. Monama M.P.
9. Ntuli S.C.
10. Senoamadi T.A.
11. Phogole B.S.
12. Kabini P.D.
13. Mamapuru K.S.
14. Motsepa M.J.
15. Rashilo N.A.
16. Themba O.K.
17. Mabogwane M.L.
18. Mananyetso M.R.

19. Mogoale W.R.
20. Mohlala A.S.
21. Phahlane M.D.
22. Dikoebe K.D.
23. Lekala S.M.
24. Mashung M.P.
25. Moabelo M.A.
26. Seroke M.R.
27. Mankge C.M.
28. Mbuyane L.I.
29. Modipa R.J.
30. Dikgole S.C.
31. Mashabela M.M.
32. Mathe M.T.
33. Mokomane S.S.
34. Mphahlele A.B.
35. Mashabela M.m.



Picture 11 Marble Hall fruit in Barcelona Spain



Picture 12 Marble Hall Fruit in France





**ii. NUMBER OF STAFF PER FUNCTION.**

		Full-time <sup>2</sup>		Part-time <sup>3</sup>		Vacant posts	Total
1.1	All managerial positions <sup>4</sup> (M = Male and F = Female)	M	F	M	F		
	According to Section 57	2	2			2	6
	According to Organogram (excluding Section 57 managers)						
1.2	Rates and General Services (excluding managerial positions)						
	Community & Social Services <sup>5</sup>	28			28		
	Finance & Administration <sup>6</sup>	38			38		
	Health <sup>7</sup>	1			1		
	Public Safety <sup>8</sup>	32			32		
	Sport & Recreation	1			1		
	Other						
1.3	Housing and Trading Services (excluding managerial positions)						
	Electricity and Gas	9			9		
	Environmental Protection <sup>9</sup>						
	Road Transport <sup>10</sup>	26			26		
	Waste Management <sup>11</sup>	20			20		
	Waste Water Management <sup>12</sup>	4			4		
	Water	34			34		
	Other	28			28		
	<b>Sub-total (excluding managers)</b>	224			224		
	<b>Total employees (including managers)</b>	228		2	230		



### iii. REMUNERATION DISCLOSURE – Holders of Public Office. – Full Time

POLITICAL HOLDERS OF PUBLIC OFFICE – Remuneration Detail	Annual Package
<b>MAYOR FULL TIME</b>	<b>1 Member</b>
Salary	338 280.87
Travel Allowance	129 674.00
Cell Phone	15 984.00
Pension	50 742.13
<b>TOTAL</b>	<b>534 681.00</b>
<b>SPEAKER FULL TIME</b>	<b>1 Members</b>
Salary	270 625.22
Cell Phone	15 984.00
Travel Allowance	103 739.00
Pension	40 593.78
<b>TOTAL</b>	<b>430 942.00</b>
<b>EXECUTIVE MEMBER FULL TIME</b>	<b>2 Members</b>
Salary	507 422.60
Cell Phone	28 800.00
Travel Allowance	194 510.00
Pension	76 113.40
<b>TOTAL</b>	<b>810 014.00</b>
<b>CHIEF WHIP FULL TIME</b>	<b>2 Members</b>
Salary	253 711.30
Cell Phone	15 984.00
Travel Allowance	97 255.00
Pension	38 056.70
<b>TOTAL</b>	<b>405 007.00</b>



#### iv. REMUNERATION DISCLOSURE – Holders of Public Office. – Part Time

POLITICAL HOLDERS OF PUBLIC OFFICE – Remuneration Detail	Annual Package
<b>EXECUTIVE MEMBER PART TIME</b>	<b>2 Members</b>
Salary	279 083.48
Cell Phone	19 944.00
Travel Allowance	106 980.00
Pension	41 862.52
<b>TOTAL</b>	<b>447 870.00</b>
<b>COUNCILORS PART TIME</b>	<b>14 Members</b>
Salary	1 210 403.46
Cell Phone	139 608.00
Travel Allowance	544 628.00
Pension	181 560.54
Medical Aid	241 920.00
<b>TOTAL</b>	<b>2 178 512.00</b>



Picture 13 Bulk Water Reservoir



**v. REMUNERATION DISCLOSURE – Holders of Public Office. – Administrative Positions**

ADMINISTRATIVE HOLDERS OF PUBLIC OFFICE – Remuneration Detail	Annual Package
<b>MUNICIPAL MANAGER</b>	<b>1 Member</b>
Salary	300,000.00
Non Pensionable Salary	38 538.40
Travel Allowance	130,152.24
Pension	66 000.00
Group Scheme	6,000.00
Medical Aid	22 773.60
UIF	1 497.36
SALGBC	38.40
Bonus	29 000.00
<b>TOTAL</b>	<b>594 000.00</b>
<b>SENIOR MANAGERS</b>	<b>2 Members</b>
Salary	536 328.00
Non Pensionable Salary	18 064.24
Travel Allowance	200,943.92
Pension	117 992.16
Group Scheme	5 326.56
Medical Aid	12 153.60
UIF	2 994.72
SALGBC	76.80
<b>TOTAL</b>	<b>893 880.00</b>
<b>CHIEF FINANCIAL OFFICER</b>	<b>1 Member</b>
Salary	288 000.00
Non Pensionable Salary	17 550.64
Travel Allowance	90 000.00
Group Scheme	5 760.00
UIF	1,497.36
Pension	63 360.00
Medical Aid	18,663.60
SALGBC	38.40
<b>TOTAL</b>	<b>484 840.00</b>



## V. ANNUAL FINANCIAL STATEMENTS – FOR THE YEAR ENDED 30 JUNE 2010



### **EPHRAIM MOGALE LOCAL MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## General Information

**Legal form of entity**

**Mayor**

**Councillors**

Local municipality  
Mrs M Y Mmakola  
Councillor K.M Seoka  
Councillor E.K Laka  
Councillor A.M. Mampana  
Councillor L.B Modisha  
Councillor L. Seloane  
Councillor T.T. Maila  
Councillor L.J Mphahlele  
Councillor M.E. More  
Mayor Councillor M.Y Mmakola  
Councillor F.S. Sedibane  
Councillor P.M. Nkadimeng  
Councillor S.Z. Modige  
Councillor P.M. Mashabela  
Councillor M.E. Mokwena  
Councillor P.M Matlala  
Councillor K.S.D Mokoka  
Councillor A.C Tsiane  
Councillor M.R Seono  
Councillor M.E Mohlamonyane  
Councillor W.M. Monama  
Councillor M.F.Lekola  
Councillor F.E Tladi  
Councillor W.M Mabaso  
Councillor S.B Mashego  
Councillor J Oosthuizen  
Councilors L.M Matlala  
Councillor J.M Napo

**Grading of local authority**

**Chief Finance Officer (CFO)**

**Accounting Officer**

**Registered office**

**Business address**

Low capacity municipality  
TM Mathabatha  
R Monakedi  
Marble Hall LIM471  
13 Ficus Street  
Civic Centre  
Marble Hall  
0450  
PO Box 111  
Marble Hall  
0450  
First National Bank Limited  
Auditor General

**Postal address**

**Bankers**

**Auditors**



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

<b>Index</b>	<b>Page</b>
Accounting Officer's Responsibilities and Approval	32
Accounting Officer's Report	33-34
Statement of Financial Position	35
Statement of Financial Performance	36
Statement of Changes in Net Assets	37
Cash Flow Statement	38
Accounting Policies	39 - 60
Notes to the Annual Financial Statements	61 – 97
Appendixes:	
Appendix A: Schedule of External loans	99
Appendix B: Analysis of Property, Plant and Equipment	101 - 102
Appendix D: Segmental Statement of Financial Performance	104
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	106
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	108

## Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)



## **Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2010

### **Accounting Officer's Responsibilities and Approval**

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2011 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality.

The annual financial statements set out on pages 4 to 66, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2010 and were signed on its behalf by:

**SR Monakedi**  
**Municipal Manager**  
**31 August 2010**





# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2010.

### 1. Review of activities

#### Main business and operations

Net surplus of the municipality was R 33 408 371 (2009: deficit R 3 549 276).

### 2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

### 4. Accounting Officer's interest in contracts

The accounting officer had no interest in contracts.

### 5. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### 6. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name

SR Monakedi

### 7. Corporate governance

#### General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discuss the responsibilities of management in this respect, at Board meetings and monitor the municipality's compliance with the code on a three monthly basis.

The salient features of the municipality's adoption of the Code is outlined below:

#### Internal audit

The municipality had employed internal auditors for the year under review.

### 8. Bankers

The municipality banks primarily with First National Bank Limited.

### 9. Auditors

The Auditor General will continue in office for the next financial period.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Accounting Officer's Report

### 10. Public Private Partnership

In accordance with the Public Private Partnership agreement, the Contractor shall open a separate account with a bank registered in the Republic of South Africa, for the purpose of administering and separate safekeeping of:

- moneys deposited as excess surpluses;
- any foreign exchange rate amounts;
- any service credits; and
- any penalties for later service commence mental text.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Statement of Financial Position

Figures in Rand

	Note(s)	2010	2009
<b>Assets</b>			
Current Assets			
Inventories	30.20 5	875 772	948 705
Trade and other receivables from exchange transactions	31.20 6	110 133 081	110 396 322
Other receivables from non-exchange transactions	33.20 7	197 900	-
VAT receivable	31.20 8	2 909 757	1 258 883
Consumer debtors	31.20 9	4 520 176	4 491 696
Cash and cash equivalents	32.20 10	3 375 255	6 057 469
		<b>122 011 941</b>	<b>123 153 075</b>
Non-Current Assets			
Investment property	21.20 3	6 851 207	2 903 838
Property, plant and equipment	20.20 4	108 213 247	71 789 368
		<b>115 064 454</b>	<b>74 693 206</b>
<b>Total Assets</b>		<b>237 076 395</b>	<b>197 846 281</b>
<b>Liabilities</b>			
Current Liabilities			
Other financial liabilities	41.27-28 11	400 473	364 907
Trade and other payables from exchange transactions	51.20 13	14 517 863	7 516 706
Consumer deposits	51.20 14	1 548 386	1 475 335
Unspent conditional grants and receipts	43.20 12	6 074 146	3 508 796
Provisions	52.20	170 941	170 941
Bank overdraft	32.20 10	1 880 647	-
		<b>24 592 456</b>	<b>13 036 685</b>
Non-Current Liabilities			
Other financial liabilities	41.27-28 11	7 558 083	7 991 382
		<b>32 150 539</b>	<b>21 028 067</b>
<b>Total Liabilities</b>		<b>204 925 856</b>	<b>176 818 214</b>
<b>Net Assets</b>			
<b>Net Assets</b>			
Accumulated surplus	40.24	204 925 856	176 818 214



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Statement of Financial Performance

Figures in Rand

### Revenue

	Note(s)	2010	2009
Fines		903 910	713 613
Government grants & subsidies	18	80 608 689	42 003 000
Interest received - investment	26	2 890 298	2 093 390
Licences and permits		4 087 374	4 522 206
Miscellaneous other revenue		-	180
Other income	19	804 107	2 128 985
Property rates	16	9 311 666	8 690 538
Recoveries	19	230 434	-
Rental of facilities and equipment		123 203	88 119
Service charges	17	<u>21 232 924</u>	<u>16 194 743</u>
<b>Total Revenue</b>		<b><u>120 192 605</u></b>	<b><u>76 434 774</u></b>

### Expenditure

Administration	24	(75 391)	(76 197)
Bulk purchases	32	(11 349 489)	(8 781 828)
Debt impairment	25	(2 403 439)	(6 618 344)
Depreciation and amortisation 27 (6 952 902) (7 256 559)			
Finance costs 28 (1 253 208) (1 324 688)			
General Expenses 20 (19 457 646) (13 981 401)			
Grants and subsidies paid 31 (1 062 815) (780 343)			
Personnel 22 (35 173 216) (28 581 343)			
Remuneration of councillors 23 (6 427 670) (5 918 725)			
Repairs and maintenance (2 628 458) (2 303 506)			

### Total Expenditure (86 784 234) (75 622 934)

Gain or loss on disposal of assets and liabilities - (4 361 116)

**Surplus/(deficit) for the year 33 408 371 (3 549 276)**



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Statement of Changes in Net Assets

Figures in Rand	Capital Replacement Reserve	Township development fund	Total reserves	Accumulated surplus	Total net assets
Opening balance as previously Reported	3 077 258	2 900 099	5 977 357	63 712 132	69 689 489
Adjustments					
Fundamental errors affecting net Assets	-	-	-	110 815 462	110 815 462
Change in accounting policy	-	-	-	(170 941)	(170 941)
Prior year adjustments	(3 077 258)	(2 900 099)	(5 977 357)	5 977 357	-
<b>Balance at 01 July 2009 as Restated</b>	-	-	-	<b>180 334 010</b>	<b>180 334 010</b>
Changes in net assets					
Surplus for the year	-	-	-	(3 515 796)	(3 515 796)
Total changes	-	-	-	(3 515 796)	(3 515 796)
<b>Balance at 01 July 2009</b>	-	-	-	<b>176 818 218</b>	<b>176 818 218</b>
Changes in net assets					
Transfer to Sekhukhune	-	-	-	(5 300 733)	(5 300 733)
Net income (losses) recognised directly in net assets	-	-	-	(5 300 733)	(5 300 733)
Surplus for the year	-	-	-	33 408 371	33 408 371
Total recognised income and expenses for the year	-	-	-	28 107 638	28 107 638
Total changes	-	-	-	28 107 638	28 107 638
<b>Balance at 30 June 2010</b>	-	-	-	<b>204 925 856</b>	<b>204 925 856</b>
Note(s)					



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Cash Flow Statement

Figures in Rand

### Cash flows from operating activities

#### Receipts

Cash receipts from customers, grant and other sources of revenue

Interest income

#### Payments

Cash payments for inventory, suppliers and employ related cost

Finance costs

### Net cash flows from operating activities

### Cash flows from investing activities

Purchase of property, plant and equipment

Proceeds from sale of property, plant and equipment

Purchase of investment property

### Net cash flows from investing activities

### Cash flows from financing activities

Proceeds from other financial liabilities

Repayment of other financial liabilities

Finance lease payments

Proceeds from Borrowings (Restatement)

### Net cash flows from financing activities

### Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

Note(s)	2010	2009
	118 491 156	92 097 375
	2 879 623	1 913 988
	<u>121 370 779</u>	<u>94 011 363</u>
	(76 244 427)	(64 582 540)
	<u>(1 253 209)</u>	<u>(1 324 702)</u>
	<u>(77 497 636)</u>	<u>(65 907 242)</u>
33	<u><b>43 873 143</b></u>	<u><b>28 104 121</b></u>
4	(44 090 902)	(18 108 823)
4	-	(4 361 116)
3	<u>(3 947 369)</u>	<u>-</u>
	<u><b>(48 038 271)</b></u>	<u><b>(22 469 939)</b></u>
	-	341 955
	(397 733)	-
	-	(31 743)
	-	334 108
	<u><b>(397 733)</b></u>	<u><b>644 320</b></u>
	<u><b>(4 562 861)</b></u>	<u><b>6 278 502</b></u>
	<u>6 057 469</u>	<u>(221 033)</u>
10	<u><b>1 494 608</b></u>	<u><b>6 057 469</b></u>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Accounting Policies

### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note Changes in accounting policy

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

##### Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

##### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. .

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note - Provisions.

##### Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Accounting Policies

### 1.1 Significant judgements and sources of estimation uncertainty (continued)

#### Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost / (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note .

#### Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

#### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

### 1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the enterprise, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property.

If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The fair value of investment properties has not been reviewed as the municipality have applied the transitional provisions as set out in Directive 4. The municipality is in the process of determining the the fair value of all its investment properties. A service provider was acquired to assist with the process.

#### Transitional provision

The municipality changed its accounting policy for investment property in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.





## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Accounting Policies

#### 1.2 Investment property (continued)

According to the transitional provision, the municipality is not required to measure investment property for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Investment property. Investment property has accordingly been recognised at provisional amounts, as disclosed in 3. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where investment property was acquired through a transfer of functions, the municipality is not required to measure that investment property for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and investment property has accordingly been recognised at provisional amounts, as disclosed in 3.

Until such time as the measurement period expires and investment property is recognised and measured in accordance with the requirements of the Standard of GRAP on Investment property, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Investment property implies that any associated presentation and disclosure requirements need not be complied with for investment property not measured in accordance with the requirements of the Standard of GRAP on Investment property.

#### 1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Accounting Policies

#### 1.3 Property, plant and equipment (continued)

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period.

The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Property, plant and equipment are depreciated as the municipality have applied the transitional provisions as set out in Directive 4. The municipality is in the process of determining the residual values and useful life of all assets. A service provider was acquired to assist with the process.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period.

The decrease is debited in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

#### Item Average useful life

Land Indefinite

Buildings 20 - 25 years

Plant and machinery 3 - 10 years

Furniture and fixtures 4 - 6 years

Motor vehicles 5 years

Office equipment 4 - 6 years

IT equipment 3 years

Infrastructure 2 - 100 years

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Accounting Policies

#### 1.3 Property, plant and equipment (continued)

accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

##### Transitional provision

The municipality changed its accounting policy for property, plant and equipment in 2010. The change in accounting policy was made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, plant and equipment. Property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in 4. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant and equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant and equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in 4.

Until such time as the measurement period expires and property, plant and equipment is recognised and measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Property, plant and equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment.

#### 1.4 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Accounting Policies

### 1.4 Site restoration and dismantling cost (continued)

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability (subject to (b)) is credited to other comprehensive income and accumulated in the revaluation surplus in equity, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
  - an increase in the liability is recognised in surplus or deficit, except that it is debited to other comprehensive income as a decrease to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and to other comprehensive income under (a). If a revaluation is necessary, all assets of that class are revalued.

### 1.5 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator

that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Website 3 years



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Accounting Policies

### 1.5 Intangible assets (continued)

Intangible assets are not amortised as the municipality have applied the transitional provisions as set out in Directive 4.

The municipality is in the process of determining the residual values and useful life of all assets. A service provider was acquired to assist with the process.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

#### Transitional provision

The municipality changed its accounting policy for intangible assets in 2010. The change in accounting policy was made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible

assets. Intangible Assets has accordingly been recognised at provisional amounts, as disclosed in . The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where intangible assets was acquired through a transfer of functions, the municipality is not required to measure that intangible assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and intangible assets has accordingly been recognised at provisional amounts, as disclosed in .

Until such time as the measurement period expires and intangible assets is recognised and measured in accordance with the requirements of the Standard of GRAP on Intangible assets, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Intangible assets implies that any associated presentation and disclosure requirements need not be complied with for intangible assets not measured in accordance with the requirements of the Standard of GRAP on Intangible assets.

### 1.6 Financial instruments

#### Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

#### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Accounting Policies

#### 1.6 Financial instruments (continued)

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at settlement date.

17

## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Accounting Policies

#### 1.6 Financial instruments (continued)

##### Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

##### Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment in other comprehensive income and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

##### Loans to / (from) economic entities

Loans to economic entities are classified as loans and receivables.

Loans from economic entities are classified as financial liabilities measured at amortised cost.

##### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Accounting Policies

### 1.6 Financial instruments (continued)

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

#### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

#### Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

#### Derecognition

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.





# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Accounting Policies

### 1.6 Financial instruments (continued)

#### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

#### Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

### 1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.





# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Accounting Policies

### 1.7 Leases (continued)

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.9 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation / (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation / (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Accounting Policies

### 1.9 Impairment of cash-generating assets (continued)

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Accounting Policies

### 1.9 Impairment of cash-generating assets (continued)

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

### 1.10 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation / (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation / (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

### Value in use

Value in use of a non-cash-generating asset is the present value of the non-cash-generating asset's remaining service potential.



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Accounting Policies

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction / (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation / (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation / (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### 1.11 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

#### 1.12 Employee benefits

##### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Accounting Policies

### 1.12 Employee benefits (continued)

vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the municipality is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

### 1.13 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Accounting Policies

### 1.13 Provisions and contingencies (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34.

### Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.9 and 1.10.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;





## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Accounting Policies

#### 1.13 Provisions and contingencies (continued)

- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

#### Transitional provision

The municipality changed its accounting policy for provisions, contingent liabilities and contingent assets in 2010. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework. In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where provisions, contingent liabilities and contingent assets was acquired through a transfer of functions, the municipality is not required to measure that provisions, contingent liabilities and contingent assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2010 and provisions, contingent liabilities and contingent assets has accordingly been recognised at provisional amounts, as disclosed in .

Until such time as the measurement period expires and provisions, contingent liabilities and contingent assets is recognised and measured in accordance with the requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets implies that any associated presentation and disclosure requirements need not be complied with for provisions, contingent liabilities and contingent assets not measured in accordance with the requirements of the Standard of GRAP on Provisions, contingent liabilities and contingent assets.

#### 1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Accounting Policies

#### 1.14 Revenue from exchange transactions (continued)

##### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the

municipality;

- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

##### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

#### 1.15 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

##### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.





## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Accounting Policies

#### Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

#### Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender.

Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

#### Levies

Levies are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue.

#### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Accounting Policies

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

#### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
  - the amount of the revenue can be measured reliably; and
  - to the extent that there has been compliance with any restrictions associated with the grant.
- If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

#### 1.16 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

#### 1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

#### 1.18 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

#### 1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

#### 1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

30



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Accounting Policies

#### 1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is:

(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;

(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;

(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or

(d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's bylaws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.

Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

#### 1.23 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

#### 1.24 Presentation of currency

These annual financial statements are presented in South African Rand.

#### 1.25 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

#### 1.26 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Accounting Policies

#### 1.27 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

#### 1.28 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board. Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

#### 1.29 Research and development expenditure

Research costs are charged against operating surplus as incurred. Development costs are recognised as an expense in the period in which they are incurred unless the following criteria are met:

- The product or process is clearly defined and the costs attributable to the process or product can be separately identified and measured reliably;
- The technical feasibility of the product or process can be demonstrated;
- The existence of a market or, if to be used internally rather than sold, its usefulness to the municipality can be demonstrated;
- Adequate resources exist, or their availability can be demonstrated, to complete the project and then market or use the product or process; and
- The asset must be separately identifiable.

Where development costs are deferred, they are written off on a straight-line basis over the life of the process or product, subject to a maximum of five years. The amortization begins from the commencement of the commercial production of the product or use of the process to which they relate.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand 2010 2009

### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

##### **GRAP 4: The Effects of Changes in Foreign Exchange Rates**

The initial application of GRAP 4 will have no impact on the annual financial statements.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective application on the initial adoption of the Standard except for the acquisition of foreign operations.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

##### **GRAP 5: Borrowing Costs**

This Standard allows entities, in the exceptionally rare cases, to expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. This applies when it is inappropriate to capitalise borrowing costs.

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirement of an entity directly to the nature of the expenditure to be funded i.e. capital or current. In such cases, an entity shall expense those borrowing costs related to a qualifying asset directly to the statement of financial performance.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires that the Standard will only apply to borrowing costs incurred on qualifying assets where the commencement date for capitalisation is on or after the effective date of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires that the Standard will only apply to borrowing costs incurred on qualifying assets where the commencement date for capitalisation is on or after the effective date of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires only prospective application of the Standard and only will apply to borrowing costs incurred on qualifying assets where the commencement date for capitalisation is on or after the effective date of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

##### **GRAP 6: Consolidated and Separate Financial Statements**

GRAP 6 includes specific guidance on whether control exists and on power conditions to determine whether control exists in a public sector context – public sector entities need to consider impact of this guidance to determine whether an investment



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements

#### 2. New standards and interpretations (continued)

should be accounted for in accordance with GRAP 6.

GRAP 6 includes specific guidance and explanatory material on the accounting of special purpose entities adopted from SIC 12 – SA specific public sector amendment. Public sector entities need to consider impact of this guidance to determine whether an investment should be accounted for in accordance with GRAP 6.

The initial application of GRAP 6 will have no impact on the annual financial statements.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective application of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard for separate annual financial statements. For consolidated annual financial statements the result of initially adopting the Standard shall be recognised in the economic entity as an adjustment to the opening balance of accumulated surplus or deficit and comparative information need not be restated for the economic entity.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard for separate annual financial statements. For consolidated annual financial statements the result of initially adopting the Standard shall be recognised in the economic entity as an adjustment to the opening balance of accumulated surplus or deficit and comparative information need not be restated for the economic entity.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

#### GRAP 7: Investments in Associates

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The investor must exercise judgement in the context of all available information to determine if it has significant influence over an investee.

An investor accounts for investments in associates in the consolidated annual financial statements using the equity method.

The initial application of GRAP 7 will have no impact on the annual financial statements.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective application of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard for separate annual financial statements. Any adjustments required to annual financial statements as a result of initially applying the equity method shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit of the period in which the Standard is adopted. Comparative information need not be restated in these annual financial statements.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard for separate annual financial statements. Any adjustments required to annual financial statements as a result of initially applying the equity method shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit of the period in which the Standard is adopted. Comparative information need not be restated in these annual financial statements.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

### 2. New standards and interpretations (continued)

The impact of the standard is not material.

#### **GRAP 8: Interests in Joint Ventures**

GRAP 8 uses a different definition for joint venture and joint control – contractual arrangement has been replaced by binding arrangement (public sector amendment) – public entities need to review current arrangements to determine whether they fall within the scope of GRAP 8 as a result of the public sector amendment.

Applying the definition of joint control as defined in this Standard may result in the identification of other entities that are also jointly controlled ventures in addition to those identified by complying with applicable legislation.

GRAP 8 incorporates guidance adopted from SIC13 on Non-monetary Contributions by ventures issued by the IASB i.e. provisions for accounting for non-monetary contributions to a jointly controlled entity in exchange for an equity interest in the jointly controlled entity that is accounted for using either the equity method or proportionate consolidation. (Par.57-62).

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective application of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard for separate annual financial statements. Any adjustments required to annual financial statements as a result of initially applying the equity or proportionate consolidation method shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit of the period in which the Standard is adopted. Comparative information need not be restated in these annual financial statements.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard for separate annual financial statements. Any adjustments required to annual financial statements as a result of initially applying the equity or proportionate consolidation method shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit of the period in which the Standard is adopted. Comparative information need not be restated in these annual financial statements.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

#### **GRAP 9: Revenue from Exchange Transactions**

The definition of revenue in terms of GRAP 9 incorporates the concept of service potential. Revenue is the gross inflow of economic benefits or service potential when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Entities may derive revenue from exchange or non-exchange transactions.

An exchange transaction is one in which the municipality receives resources or has liabilities extinguished, and directly gives approximately equal value to the other party in exchange.

Non-exchange revenue transaction is a transaction where an entity receives value from another entity without directly giving approximately equal value in exchange.

An entity recognises revenue when it is probable that economic benefits or service potential will flow to the municipality, and the municipality can measure the benefits reliably.

GRAP 9 clarifies that this Standard only applies to revenue from exchange transactions.

Other than terminology difference, no affect on initial adoption of Standard on GRAP 9.

The following Directives also need to be considered:



## **Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2010

### **Notes to the Annual Financial Statements**

#### **2. New standards and interpretations (continued)**

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.





# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

### 2. New standards and interpretations (continued)

#### GRAP 10: Financial Reporting in Hyperinflationary Economies

GRAP 10 includes additional guidance as adopted from Financial Reporting in Hyperinflationary Economies (IFRIC 7) on Applying the Restatement Approach.

The initial application of GRAP 4 will have no impact on the annual financial statements.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is set out in note Changes in Accounting Policy.

#### GRAP 11: Construction Contracts

The definition for "construction contract" was expanded by including a binding arrangement that do not take the form of a legal contract within the scope of the Standard.

Definition for "cost plus or cost based contract" has been expanded to include commercially-based contract.

The scope has been expanded to include cost based and non-commercial contracts.

Public entities need to review contracts to determine whether they fall within the scope of the Standard based on the above changes.

GRAP 11 incorporates the concept of service potential in the condition to determine whether the outcome of a construction contract can be estimated reliably. The requirement to recognise an expected deficit on a contract immediately when it becomes probable that contract costs will exceed total contract revenue applies only to contracts in which it is intended at the inception of the contract that contract costs are to be fully recovered from the parties to that contract (par.47).

Other than the above requirements, there is no other affect on initial adoption of GRAP 11.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

#### GRAP 12: Inventories

GRAP 12 includes the definition of current replacement costs as the cost the municipality would incur to acquire the asset on the reporting date. GRAP 12 also includes the principal of service potential associated with the item that will flow to the municipality as part of recognition criteria for inventories as well as the concept of goods purchased or produced for distribution at no charge or for a nominal consideration, which is specific to the public sector.

Initial measurement is required at cost (an exchange transaction) and where inventories are acquired at no cost or nominal consideration (non-exchange transaction), their cost shall be their fair value at acquisition date.

Subsequent measurement shall be at lower of cost and net realisable value except if inventories are held for:

- distribution at no charge or for a nominal charge, or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements

#### 2. New standards and interpretations (continued)

If the above applies then subsequent measurement shall be at the lower of cost or current replacement cost.

The retail method of measurement of cost is excluded from GRAP 12.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, entities are not required to measure inventories in accordance with the requirements of the Standard for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

#### GRAP 13: Leases

GRAP 13 incorporates additional guidance on the concept of substance and legal form of a transaction, to illustrate the difference between lease and other contracts and on operating lease incentives.

In certain circumstances, legislation may prohibit the entering into certain types of lease agreements. If the municipality has contravened these legislative requirements, the municipality is still required to apply the requirements of GRAP 13.

Other than the abovementioned requirements, there is no other impact on the initial adoption of GRAP13.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, the recognition requirements of the Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment or the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that Standard expires.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

#### GRAP 14: Events after the reporting date

An event, which could be favourable or unfavourable, that occurs between the reporting date and the date the annual financial statements are authorised for issue.

GRAP 14 requires the date of authorisation for issue is the date on which the annual financial statements have received approval from management to be issued to the executive authority or municipal council.



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements

#### 2. New standards and interpretations (continued)

Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

An entity shall adjust the amounts recognised in its annual financial statements to reflect adjusting events after the reporting date.

An entity shall not adjust the amounts recognised in its annual financial statements to reflect non-adjusting events after the reporting date.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

#### **GRAP 16: Investment Property**

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of an entity's operations.

GRAP 16 states that the use of property to provide housing as a social service does not qualify as investment property even though rentals are earned.

At initial recognition, investment property is measured at cost including transaction costs. However, where an entity acquires investment property through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

After initial recognition, entities can carry investment property at either the fair value (fair value model) or cost less accumulated depreciation and accumulated impairment (cost model).

An entity is required to disclose the fair value of investment property if the cost model is used. When an entity carries investment properties at fair value, the fair value needs to be determined at every reporting date. Gains or losses arising from changes in fair value are included in surplus or deficit for the period in which they arise.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, entities are not required to measure investment properties in accordance with the requirements of the Standard for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

### 2. New standards and interpretations (continued)

#### GRAP 17: Property, Plant and Equipment

GRAP 17 does not require or prohibit the recognition of heritage assets but if an entity recognises heritage assets the municipality needs to comply with GRAP 17 disclosure requirements.

Additional commentary has been included in to clarify the applicability of infrastructure assets to be recognised in terms of GRAP 17.

Where an entity acquires an asset through a non-exchange transaction, i.e. for a nominal or no consideration, its cost is its fair value as at the date of acquisition.

The disclosure requirement for temporarily idle, fully depreciated property, plant and equipment and for property, plant and equipment that are retired from active use is required in GRAP 17 whereas IAS 16 only encourages this disclosure.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

However, entities that applied the transitional provisions in the Standard of GAMAP on Property, Plant and Equipment may continue to take advantage of those transitional provisions until they expire.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, entities that applied the transitional provisions in the Standard of GAMAP on Property, Plant and Equipment may continue to take advantage of those transitional provisions until they expire. Entities are also not required to measure classes of Property, Plant and Equipment in accordance with the requirements of the Standard for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is set out in note Changes in Accounting Policy.

#### GRAP 19: Provisions, Contingent Liabilities and Contingent Assets

GRAP 19 exclude from its scope those provisions and contingent liabilities arising from social benefits for which it does not receive consideration that is approximately equal to the value of goods and services provided directly in return from the recipients of those benefits.

For the purpose of GRAP 19, social benefits refers to goods, services and other benefits provided in the pursuit of the social policy objective of a government. This Standard includes guidance on the accounting of these social benefits.

Outflow of resources embodying service potential also needs to be considered in when assessing if a present obligation that arises from past events exists or not.

The Standard includes accounting for obligations to make additional contributions to a fund. This is similar to the requirements of IFRIC5 (AC438).

It further includes the accounting for the changes in existing decommissioning, restoration and similar liabilities. This is similar to the requirements of IFRIC1 (AC434).

GRAP 19 give specific guidance regarding restructuring by way of transfers that will take place under a government directive and will not involve binding agreements. An obligation exists only when there is a binding transfer agreement. Additional disclosure for each class of provision regarding reductions in the carrying amounts of provisions that result from payments or other outflows of economic benefits or service potential made during the reporting period and reductions in the carrying amounts of provisions resulting from remeasurement of the estimated future outflow of economic benefits or service potential, or from settlement of the provisions without cost to the municipality.



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements

#### 2. New standards and interpretations (continued)

If an external valuation is used to measure a provision the information relating to the valuation can usefully be disclosed.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

However, where items have not been recognised as a result of transitional provisions under the Standard on Property, Plant and Equipment, the recognition requirements of the Standard on Provisions, Contingent Liabilities and Contingent Assets would not apply to such items until the transitional provisions in that Standard expire.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, where items have not been recognised as a result of transitional provisions under the Standard on Property, Plant and Equipment, the recognition requirements of the Standard on Provisions, Contingent Liabilities and Contingent Assets would not apply to such items until the transitional provisions in that Standard expire.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

#### **GRAP 100: Non-current Assets Held for Sale and Discontinued Operations**

GRAP 100 includes in its scope the reference to non-cash generating assets. It further includes definitions relevant to the understanding of the Standard e.g. "Non-cash-generating assets" are assets other than cash-generating assets and "value in use of a non-cash-generating asset" is the present value of the asset's remaining service potential.

GRAP 100 excludes from the description of a discontinued operation reference to a controlled entity acquired exclusively with a view to resale.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires prospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires prospective application of the Standard.

However, the Standard would not apply to those items that have not been recognised as a result of the transitional provisions under the Standard of Property, Plant and Equipment until the transitional provision in that Standard expires.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires prospective application of the Standard. However, the Standard would not apply to those items that have not been recognised as a result of the transitional provisions under the Standards of GRAP on Inventories, Investment Property, Property, Plant and Equipment, Agriculture and Intangible Assets until the transitional provision in that Standard expires.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

#### **GRAP 101: Agriculture**

GRAP 101 excludes guidance on accounting for non-exchange revenue from government grants related to a biological asset as GRAP 23 on Revenue from Non-Exchange Transactions will provide such guidance.

Recognition requirement includes the concept of the probable flow of service potential.

Biological assets acquired at no or for a nominal value shall be measured on initial recognition and at each reporting date at its fair value less estimated point-of-sale costs.

Additional disclosure is required of biological assets for which the municipality's use or capacity to sell is subject to restrictions imposed by regulations that have a significant impact on their total fair value less estimated point-of-sale costs.



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements

#### 2. New standards and interpretations (continued)

In the reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period it is also required to disclose increases or decreases due to transfers.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires any adjustments required to the previous carrying amounts of assets and net assets shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit in the period that the Standard initially adopted. Comparative information is not required to be restated on initial adoption of this Standard.

Directive 4 - Transitional provisions for medium and low capacity requires any adjustments required to the previous carrying amounts of assets and net assets shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit in the period that the Standard is initially adopted. Comparative information is not required to be restated. Entities are not required to recognise biological assets and/or agricultural produce for reporting periods beginning on or after a date within three years following the date of initial adoption of this Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

#### GRAP 102: Intangible Assets

GRAP 102 excludes guidance on accounting for intangible assets acquired as part of an entity combination and in-process research and development costs acquired in an entity combination.

Recognition requirement includes the concept of the probable flow of service potential.

GRAP 102 distinguishes between impairment loss of cash generating and non-cash-generating assets.

Intangible assets acquired at no or for a nominal cost shall be measured on acquisition date at its fair value.

In GRAP 102 the identifiability criterion in the definition of an intangible asset has been expanded to include contractual rights arising from binding arrangements, and to exclude rights granted by statute.

Additional guidance included in GRAP 102 to explain that distinction should be made between assets associated with the item of property, plant and equipment and the intangible asset.

Guidance on web site costs has been included in GRAP 102 from SIC Interpretation 32 Intangible Assets – Web Site Costs.

Guidance on intangible assets that may be acquired in exchange for non-monetary assets, where the exchange transaction lacks commercial substance has not been included in GRAP 102 as guidance to be included in GRAP 23.

GRAP 102 does not state “gains shall not be classified as revenue” as GRAP term “income” has a broader meaning than the term “revenue”.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

Where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously, those intangible assets should be recognised in accordance with the Standard.



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements

#### 2. New standards and interpretations (continued)

Directive 4 - Transitional provisions for medium and low capacity requires retrospective application of the Standard. Where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously, those intangible assets should be recognised in accordance with the Standard. Entities are not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible Assets.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

#### **IPSAS 21: Impairment of Non Cash-Generating Assets**

The method of measurement of value in use of a non-cash-generating asset under this Standard is different to that applied to a cash generating asset.

Asset should be measured by reference to the present value of the remaining service potential of the asset.

Determining value in use (present value of remaining service potential) of a non-cash-generating asset, may be the depreciated replacement cost approach, restoration cost approach and service units approach.

This Standard does not require entities to apply an impairment test to property, plant and equipment carried at revalued amounts.

This Standard does not include a decrease in market value significantly greater than would be expected as a result of the passage of time or normal use as a minimum indication of impairment. This indication is included as an additional indication that impairment may exist.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

#### **IPSAS 20: Related Party Disclosure**

IPSAS 20 specifically excludes any consideration provided to key management personnel solely as a reimbursement for expenditure incurred by those individuals for the benefit of the reporting entity.

The effective date of the standard is for years beginning on or after 01 April 2009.

The municipality has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

#### **2.2 Standards and Interpretations early adopted**

The municipality has not chosen to early adopt any standards and interpretations.

#### **2.3 Standards and interpretations issued, but not yet effective**

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2010 or later periods:





# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

### 2. New standards and interpretations (continued)

#### GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is for years beginning on or after 01 April 2011.

The municipality expects to adopt the standard for the first time in the 2012 annual financial statements.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

#### GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the municipality.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2010.

The municipality expects to adopt the standard for the first time in the 2011 annual financial statements.

The impact of this standard is currently being assessed.





# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

### 2. New standards and interpretations (continued)

#### GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph .19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the municipality is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements.

Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2010.

The municipality expects to adopt the standard for the first time in the 2011 annual financial statements.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

#### GRAP 103: Heritage Assets

Grap 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

A heritage asset should be recognised as an asset only if:

- it is probable that future economic benefits or service potential associated with the asset will to the municipality; and
- the cost of fair value of the asset can be measured reliably.

The standard required judgment in applying the initial recognition criteria to the specific circumstances surrounding the entity and the assets.

Grap 103 states that a heritage asset should be measured at its cost unless it is acquired through a non-exchange transaction which should then be measured at its fair value as at the date of acquisition.

In terms of the standard, an entity has a choice between the cost and revaluation model as accounting policy for subsequent recognition and should apply the chosen policy to an entire class of heritage assets.

The cost model requires a class of heritage assets to be carried at its cost less any accumulated impairment losses.

The revaluation model required a class of heritage assets to be carried at its fair value at the date of the revaluation less



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements

#### 2. New standards and interpretations (continued)

any subsequent impairment losses. The standard also states that a restriction on the disposal of a heritage asset does not preclude the entity from determining the fair value.

Grap 103 prescribes that when determining the fair value of a heritage asset that has more than one purpose, the fair value should reflect both the asset's heritage value and the value obtained from its use in the production or supply of goods or services or for administrative purposes.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to a revaluation surplus. However, the increase should be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit. If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised in surplus or deficit. However, the decrease should be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Grap 103 states that a heritage asset should not be depreciated but an entity should assess at each reporting date whether there is an indication that it may be impaired.

In terms of the standard, compensation from third parties for heritage assets that have been impaired, lost or given up, should be included in surplus or deficit when the compensation becomes receivable.

For a transfer from heritage assets carried at a revalued amount to property, plant and equipment, investment property, inventories or intangible assets, the asset's deemed cost for subsequent accounting should be its revalued amount at the date of transfer. The entity should treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this Standard. If an item of property, plant and equipment or an intangible asset carried at a revalued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a revalued amount, the entity applies the applicable Standard of GRAP to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard of GRAP relating to that asset. For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount should be recognised in surplus or deficit.

The carrying amount of a heritage asset should be derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

The effective date of the standard is for years beginning on or after 01 April 2010.

The municipality expects to adopt the standard for the first time in the 2011 annual financial statements.

The impact of this standard is currently being assessed.

#### **IGRAP 1: Interpretation of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue**

An entity assesses the probability of each transaction on an individual basis when it occurs. Entities shall not assess the probability on an overall level based on the payment history of recipients of the service in general when the probability of revenue is assessed at initial recognition.

The full amount of revenue will be recognised at initial recognition. Assessing impairment is an event that takes place subsequently to initial recognition. Such impairment is an expense. Revenue is not reduced by this expense.

The effective date of the interpretation is for years beginning on or after 01 April 2010.

The municipality expects to adopt the interpretation for the first time in the 2011 annual financial statements.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

2010

2009

### 3. Investment property

	2010		2009	
	Cost / Valuation	Accumulated depreation	Cost/ Valuation	Accumulated depreation
Investment property	6 851 207	-	2 903 838	-
<b>Reconciliation of investment property - 2010</b>				
			<b>Opening balance</b>	<b>Additions</b>
<b>Additions Total</b>				<b>Total</b>
Investment property			2 903 838	3 947 369
<b>Reconciliation of investment property - 2009</b>				
			<b>Opening balance</b>	<b>Total</b>
Investment property			2 903 838	2 903 838

Investment property

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows: Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality have to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.

When the municipality's policy is to subsequently measure investment property on the cost model, when the municipality cannot determine the fair value of the investment property reliably, the municipality must disclose:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and

### Transitional provisions

#### Investment property recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note certain investment property with a carrying value of R 6 851 207 (2009: R 2 903 838) was recognised at provisional amounts. Carrying amounts of investment property carried at provisional amounts are as follows:



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment

	2010			2009		
	Cost / Valuation	Accumulated depreation	Carrying value	Cost / Valuation	Accumulated depreation	Carrying value
Buildings	32 085 701	(1 909 251)	30 176 450	23 813 524	(1 172 747)	22 640 777
Motor vehicles	1 098 501	(370 085)	728 416	635 619	(170 311)	465 308
Office equipment	12 669 976	(10 031 449)	2 638 527	11 603 652	(8 602 676)	3 000 976
Infrastructure	72 443 243	(8 327 220)	64 116 023	41 775 355	(5 592 408)	36 182 947
Community	1 589 479	(403 045)	1 186 434	1 589 480	(355 851)	1 233 629
Other property, plant and Equipment	24 113 523	(14 746 126)	9 367 397	20 490 710	(12 939 099)	7 551 611
Capital work in progress	-	-	-	714 120	-	714 120
<b>Total</b>	<b>144 000 423</b>	<b>(35 787 176)</b>	<b>108 213 247</b>	<b>100 622 460</b>	<b>(28 833 092)</b>	<b>71 789 368</b>

### Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Transfers	Depreciation	Total
<b>Additions Transfers Depreciation Total</b>					
Buildings	22 640 777	8 272 175	-	(736 502)	30 176 450
Motor vehicles	465 308	462 881	-	(199 773)	728 416
Office equipment	3 000 976	1 065 145	-	(1 427 594)	2 638 527
Infrastructure	36 182 947	30 667 888	-	(2 734 812)	64 116 023
Community	1 233 629	-	-	(47 195)	1 186 434
Other property, plant and equipment	7 551 611	3 622 813	-	(1 807 027)	9 367 397
Capital work in progress	714 120	-	(714 120)	-	-
	<b>71 789 368</b>	<b>44 090 902</b>	<b>(714 120)</b>	<b>(6 952 903)</b>	<b>108 213 247</b>

### Reconciliation of property, plant and equipment - 2009

	Opening balance	Additions	Depreciation	Total
<b>Additions Depreciation Total</b>				
Land and Buildings	19 987 909	3 285 956	(633 088)	22 640 777
Motor vehicles	592 432	-	(127 124)	465 308
Office equipment	4 487 601	330 244	(1 816 869)	3 000 976
Infrastructure	26 146 043	12 009 530	(1 972 626)	36 182 947
Community	1 280 824	-	(47 195)	1 233 629
Other property, plant and equipment	8 442 296	1 768 973	(2 659 658)	7 551 611
Capital work in progress	-	714 120	-	714 120
	<b>60 937 105</b>	<b>18 108 823</b>	<b>(7 256 560)</b>	<b>71 789 368</b>

### Transitional provisions Property, plant and equipment recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note certain property, plant and equipment with a carrying value of R 108 213 247 (2009: R 71 789 368) was recognised at provisional amounts. Carrying amounts of property, plant and equipment carried at provisional amounts are as follows:



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment (continued)

#### Due to initial adoption of GRAP 17

Tangible fixed assets

Infrastructure assets

Steps taken to establish the values of property, plant and equipment recognised at provisional amounts due to the initial adoption of GRAP 17, is as follows:

The municipality will use the services of an accredited service provider which will assist in determining the valuation of the Property, plant and equipment.

The date at which full compliance with GRAP 17 is expected, is 30 June 2012.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

2010

2009

11 140 781

11 334 811

97 818 499

62 683 620



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### 5. Inventories

Water

Stores, materials and fuels

2010	2009
-	32 875
<u>875 772</u>	<u>915 830</u>
<b><u>875 772</u></b>	<b><u>948 705</u></b>

### Transitional provisions

#### Inventories recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the GRAP Reporting Framework, as disclosed in note certain inventories with a carrying value of R 875 772 (2009: R 948 705) was recognised at provisional amounts. Carrying amounts of inventories carried at provisional amounts are as follows:

#### Due to initial adoption of GRAP 12

Inventory

Steps taken to establish the values of inventories recognised at provisional amounts due to the initial adoption of GRAP 12, is as follows:

The municipality will employ the services of a valuator to accurately determine the valuation method and valuation of consumables to comply with Grap 12.

The date at which full compliance with GRAP 12 is expected, is 30 June 2012.

#### 6. Trade and other receivables from exchange transactions

Trade debtors

Sekhukhune Debtor

Other debtors #

955 233	711 277
108 629 748	109 197 326
<u>1 548 100</u>	<u>487 719</u>
<b><u>110 133 081</u></b>	<b><u>110 396 322</u></b>

#### 7. Other receivables from non-exchange transactions

Government grants and subsidies

#### 8. VAT receivable

VAT

197 900	-
<u>2 909 757</u>	<u>1 258 883</u>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### 9. Consumer debtors

#### Gross balances

Rates  
Electricity  
Water  
Sewerage  
Refuse  
Other - (Interest and other major items)

2010	2009
5 039 861	3 417 839
1 981 289	1 638 305
-	2 033 984
-	912 923
1 289 357	864 233
<u>5 967 700</u>	<u>5 245 596</u>
<b>14 278 207</b>	<b>14 112 880</b>

#### Less: Provision for debt impairment

Rates  
Electricity  
Water  
Sewerage  
Refuse  
Other - (Interest and other major items)

(3 231 883)	(1 972 030)
(353 471)	(945 271)
-	(1 173 571)
-	(526 740)
(1 019 780)	(498 647)
<u>(5 152 717)</u>	<u>(4 504 925)</u>
<b>(9 757 851)</b>	<b>(9 621 184)</b>

#### Net balance

Rates  
Electricity  
Water  
Sewerage  
Refuse  
Other - (Interest and other major items)

1 807 798	1 445 809
1 627 818	693 033
-	860 413
-	386 183
269 577	365 587
<u>814 983</u>	<u>740 671</u>
<b>4 520 176</b>	<b>4 491 696</b>

#### Rates

Current (0 -30 days)  
31 - 60 days  
61 - 90 days  
91 - 120 days  
121 - 365 days  
> 365 days

915 071	779 493
366 421	304 421
398 986	289 982
-	532 025
-	193 782
-	1 318 137
<b>1 680 478</b>	<b>3 417 840</b>

#### Electricity

Current (0 -30 days)  
31 - 60 days  
61 - 90 days  
91 - 120 days  
121 - 365 days  
> 365 days

1 425 056	132 397
143 065	55 602
59 697	31 969
-	23 493
-	97 194
-	1 297 650
<b>1 627 818</b>	<b>1 638 305</b>



**Water**

Current (0 -30 days)  
31 - 60 days  
61 - 90 days  
91 - 120 days  
121 - 365 days  
> 365 days

**2010**

-  
-  
-  
-  
-  
-  
-  
-

**2009**

218 697  
90 132  
93 037  
123 584  
767 683  
740 850  
**2 033 983**





# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### 9. Consumer debtors (continued)

#### Sewerage

Current (0 -30 days)

31 - 60 days

61 - 90 days

91 - 120 days

121 - 365 days

> 365 days

#### Refuse

Current (0 -30 days)

31 - 60 days

61 - 90 days

91 - 120 days

121 - 365 days

> 365 days

#### Other

Current (0 -30 days)

31 - 60 days

61 - 90 days

91 - 120 days

121 - 365 days

> 365 days

### Reconciliation of debt impairment provision

Balance at beginning of the year

Contributions to provision

Reversal of provision

### Consumer debtors impaired

As of 30 June 2010, consumer debtors of R 9 757 852 (2009: R 9 621 184) were impaired and provided for.

	2010	2009
	-	45 209
	-	39 227
	-	35 885
	-	32 304
	-	263 572
	-	496 726
	-	<b>912 923</b>
	168 211	48 113
	53 085	34 335
	48 281	32 377
	-	30 824
	-	212 762
	-	505 822
	<b>269 577</b>	<b>864 233</b>
	110 095	523 265
	251 250	340 668
	453 638	196 552
	-	139 066
	-	914 338
	-	3 131 707
	<b>814 983</b>	<b>5 245 596</b>
	(9 621 184)	(4 807 725)
	-	(4 813 459)
	(136 668)	-
	<b>(9 757 852)</b>	<b>(9 621 184)</b>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### 10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances

Bank overdraft

Current assets

Current liabilities

The municipality had the following bank accounts

Account number / description

First National Bank Limited - Cheque Account (Acc No 52950020208)

First National Bank Limited - Cheque Account (PHP) (Acc No 62057590393)

45 655 213 066 45 655 208 866

Rand Merchant Bank Unit Trusts Limited: Money Market Fund (Acc No RU 500434945)

Total

### 11. Other financial liabilities

DBSA Loans

Held at amortised cost

DBSA Loans

Terms and conditions

7 958 556 8 356 289

Refer to appendix A for more details on the loans.

### Non-current liabilities

At amortised cost

### Current liabilities

At amortised cost

### 12. Unspent conditional grants and receipts Unspent conditional grants and receipts comprises of:Unspent conditional grants and receipts

Municipal Infrastructure Grant

MSG

FMG

SDM WARD SUPPORT 2008

GRANT GREATER SEKHUKHUNE 2008

GRANT HIV AIDS PROGR.2007

2010

2009

3 375 255	6 057 469
(1 880 647)	-
<b>1 494 608</b>	<b>6 057 469</b>
3 375 255	6 057 469
(1 880 647)	-
<b>1 494 608</b>	<b>6 057 469</b>

Bank statement balances  
30 June 2010 30 June 2009

Cash book balances  
30 June 2010 30 June 2009

3 018 152 6 182 610 (1 880 647) 2 748 531

3 329 600 3 000 657 3 329 600 3 100 072  
**6 393 407 9 396 333 1 494 608 6 057 469**

7 558 083 7 991 382

400 473 364 907

7 558 083 7 991 382

400 473 364 907  
**7 958 556 8 356 289**

5 870 000 2 700 000  
114 513 716 430  
12 999 12 999  
7 555 7 555  
69 079 69 079  
- 2 733



## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements

Figures in Rand

#### 12. Unspent conditional grants and receipts (continued)

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 18 for reconciliation of grants from Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

#### 13. Trade and other payables from exchange transactions

Trade payables

Accrued leave pay

Accrued bonus

Other creditors

2010	2009
<b><u>6 074 146</u></b>	<b><u>3 508 796</u></b>
8 428 376	5 621 754
4 225 690	2 106 610
1 622 104	-
<u>241 693</u>	<u>(211 658)</u>
<b><u>14 517 863</u></b>	<b><u>7 516 706</u></b>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### 14. Consumer deposits

Deposits held

### 15. Revenue

Property rates

Service charges

Rental of facilities & equipment

Fines

Licences and permits

Government grants & subsidies

Miscellaneous other revenue

**The amount included in revenue arising from exchanges of goods or services are as follows:**

Service charges

Rental of facilities & equipment

Licences and permits

Miscellaneous other revenue

**The amount included in revenue arising from non-exchange transactions is as follows:**

Property rates

Fines

Government grants & subsidies

### 16. Property rates

#### Rates received

Residential

#### Valuations

Residential

Commercial

State

Municipal

Small holdings and farms

Social

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2007.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The new general valuation will be implemented on 01 July 2011.

2010	2009
1 548 386	1 475 335
9 311 666	8 690 538
21 232 924	16 194 743
123 203	88 119
903 910	713 613
4 087 374	4 522 206
80 608 689	42 003 000
-	180
<b>116 267 766</b>	<b>72 212 399</b>
21 232 924	16 194 743
123 203	88 119
4 087 374	4 522 206
-	180
<b>25 443 501</b>	<b>20 805 248</b>
9 311 666	8 690 538
903 910	713 613
80 608 689	42 003 000
<b>90 824 265</b>	<b>51 407 151</b>
9 311 666	8 690 538
647 328 500	647 328 500
267 527 986	267 527 986
19 113 200	19 113 200
31 974 800	31 974 800
690 411 114	690 411 114
9 774 000	9 774 000
<b>1 666 129 600</b>	<b>1 666 129 600</b>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### 17. Service charges

Sale of electricity

Sale of water

Sewerage and sanitation charges

Refuse removal

2010	2009
18 139 984	13 669 137
565 474	411 831
177 246	165 319
<u>2 350 220</u>	<u>1 948 456</u>
<b><u>21 232 924</u></b>	<b><u>16 194 743</u></b>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### 18. Government grants and subsidies

Equitable share

Municipal Infrastructure Grant

Municipal Systems Improvement Program Grant

Finance Management Grant

LED Strategy Grant

Grant Horticultural Program

Grant Logistic Hub

Sekhukhune District Asset grant received

Ward Committee Support

2010	2009
42 474 880	29 844 000
12 862 000	9 826 000
1 336 917	1 153 570
750 000	852 425
-	69 482
-	86 260
793 844	-
21 792 548	13 763
598 500	157 500
<b>80 608 689</b>	<b>42 003 000</b>

### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

#### Municipal Infrastructure Grant

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

2 700 000	-
16 032 000	12 526 000
(12 862 000)	(9 826 000)
<b>5 870 000</b>	<b>2 700 000</b>

Conditions still to be met - remain liabilities (see note 12).

#### Municipal Systems Improvement Program Grant

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

716 430	1 135 000
735 000	735 000
(1 336 917)	(1 153 570)
<b>114 513</b>	<b>716 430</b>

Conditions still to be met - remain liabilities (see note 12)

#### Grant Provincial Government

Balance unspent at beginning of year

Conditions still to be met - remain liabilities (see note 12)

#### Integrated National Electrification Programme Grant

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

7 555	-
1 000 000	1 161 125
(1 000 000)	(1 153 570)
<b>7 555</b>	<b>7 555</b>

Conditions still to be met - remain liabilities (see note 12)

#### GRANT GREATER SEKHUKHUNE 2008

Balance unspent at beginning of year

Conditions still to be met - remain liabilities (see note 12)

#### HIV AIDS Grant

69 079	69 079
--------	--------



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### 18. Government grants and subsidies (continued)

Balance unspent at beginning of year

Conditions met - transferred to revenue

All conditions have been met.

### Financial Management Grant

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

All conditions have been met during the year.

### Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

### 19. Other revenue

Insurance refund

Other income

2010	2009
2 733	2 733
(2 733)	-
<u>-</u>	<u>2 733</u>
-	102 425
750 000	750 000
(750 000)	(852 425)
<u>-</u>	<u>-</u>
230 434	-
804 107	2 128 985
<u>1 034 541</u>	<u>2 128 985</u>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### 20. General expenses

	2010	2009
Advertising	323 767	273 124
Auditors remuneration	1 237 846	1 402 603
Bank charges	199 504	166 521
Chemicals	9 431	10 089
Cleaning	42 392	32 905
Conferences and seminars	17 580	34 347
Consulting and professional fees	5 116 207	2 245 183
Consumables	693 932	255 846
Consumables	109 196	43 727
Donations	229 717	246 087
Electricity	1 066 411	542 032
Entertainment	47 992	31 664
IT expenses	404 624	-
Insurance	304 568	196 809
Lease rentals on operating lease	1 243 307	549 241
Marketing	18 710	8 718
Motor vehicle expenses	1 241 256	1 255 409
General expenses	1 086 970	911 342
Postage and courier	129 519	119 515
Printing and stationery	382 690	371 064
Protective clothing	87 536	35 028
Refuse	139 143	118 614
Security (Guarding of municipal property)	1 715 180	1 657 609
Sewerage and waste disposal	16 289	12 715
Staff welfare	173 945	59 694
Subscriptions and membership fees	562 038	516 909
Telephone and fax	1 145 227	1 106 847
Training	181 653	373 046
Travel - local	1 398 874	1 235 975
Uniforms	-	26 252
Water	132 142	109 006
	<b>19 457 646</b>	<b>13 947 921</b>

### 21. Operating surplus/(deficit)

Operating surplus/(deficit) for the year is stated after accounting for the following:

#### Operating lease charges

Premises		
• Contractual amounts	778 903	354 546
Equipment		
• Contractual amounts	464 404	194 695
	<b>1 243 307</b>	<b>549 241</b>





Surplus on sale of property, plant and equipment	-	(4 361 116)
Depreciation on property, plant and equipment	6 952 902	7 256 559
Employee costs	<u>41 600 886</u>	<u>34 500 068</u>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### 22. Employee related costs

	2010	2009
Basic	18 609 096	15 894 028
Bonus	19 384	17 542
Medical aid - company contributions	1 305 342	1 143 410
UIF	220 160	177 607
WCA	207 407	417 236
Other payroll levies	8 625	7 838
Leave pay provision charge	5 802 753	2 826 524
Short term benefit	59 768	62 891
Post-employment benefits - Pension - Defined contribution plan	4 162 867	3 693 974
Overtime payments	1 158 223	713 488
Car allowance	1 082 269	1 233 232
Housing benefits and allowances	59 625	79 183
	<b>32 695 519</b>	<b>26 266 953</b>

### Remuneration of municipal manager

Salary	407 670	300 000
Car Allowance	130 152	49 577
Bonus	31 770	40 269
Contributions to UIF, Medical and Pension Funds	119 112	193 312
Reimbursive allowances	58 639	-
	<b>747 343</b>	<b>583 158</b>

### Remuneration of chief finance officer

Salary	334 502	239 045
Car Allowance	90 000	130 231
Bonus	-	14 667
Contributions to UIF, Medical and Pension Funds	44 352	122 575
Reimbursive allowances	28 922	-
	<b>497 776</b>	<b>506 518</b>

### Corporate and human resources (corporate services)

Salary	26 512	196 188
Car Allowance	3 623	98 232
Bonus	92 023	9 952
Contributions to UIF, Medical and Pension Funds	8 683	103 866
Reimbursive allowances	413	-
	<b>131 254</b>	<b>408 238</b>

### Health, safety and social services (emergency management services)

Salary	348 940	196 188
Car Allowance	70 000	98 232
Bonus	30 000	9 952
Contributions to UIF, Medical and Pension Funds	73 757	103 866
Reimbursive allowances	24 194	-



<b>Procurements and infrastructure (planning, transport and environmental affairs)</b>	<b><u>546 891</u></b>	<b><u>408 238</u></b>
Salary	347 589	196 188
Car Allowance	101 000	98 232
Bonus	-	9 952
Contributions to UIF, Medical and Pension Funds	80 300	103 866
Reimbursive allowances	<u>25 544</u>	<u>-</u>
	<b><u>554 433</u></b>	<b><u>408 238</u></b>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### 23. Remuneration of councillors

Executive Major

Mayoral Committee Members

Speaker

Councillors

Executive Committee Members - Part Time

Skills development and travel

2010	2009
589 256	225 344
870 710	893 823
461 105	256 823
3 970 509	4 455 725
457 216	-
78 874	87 010
<b>6 427 670</b>	<b>5 918 725</b>

### In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

### 24. Administrative expenditure

Administration and management fees - third party

75 391	76 197
--------	--------

### 25. Debt impairment

Debt impairment

2 403 439	6 618 344
-----------	-----------

### 26. Investment revenue

#### Interest revenue

Unlisted financial assets

Bank and investments

Interest charged on trade and other receivables

702 838	494 139
252 478	396 334
1 934 982	1 202 917
<b>2 890 298</b>	<b>2 093 390</b>

### 27. Depreciation and amortisation

Property, plant and equipment

6 952 902	7 256 559
-----------	-----------

### 28. Finance costs

Bank and long term loans

Other interest paid

3 660	41 147
1 249 548	1 283 541
<b>1 253 208</b>	<b>1 324 688</b>

### 29. Auditors' remuneration

Fees

1 237 846	1 402 603
-----------	-----------



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### 30. Operating lease

The operating leases are in respect of photocopiers and two properties utilised in the operations of the Municipality. The leases are structured as pure operating equipment not machine specific and based on the current load and requirements of the Municipality. The leases are short term leases and for future leases not subject to escalation. The business equipment are tested annually for capitalisation requirements but does not qualify to be capitalised at this stage.

2010 in Statement of Financial Performance

The following is a schedule by years of minimum future rentals on non-cancelable oprating leases as of June 2010:

#### Heading

< than 1 year until 30 June 2011 or 2010

> than One year < 5 years

### 31. Grants and subsidies paid

#### Other subsidies

Indigent grants

Upgrading Indigent Register

Revenue enhancement strategy

Services: Free & Subsidised

### 32. Bulk purchases

Electricity

2010	2009
<u>596 233</u>	<u>419 399</u>
783 278	211 742
<u>1 473 743</u>	<u>832 164</u>
<b><u>2 257 021</u></b>	<b><u>1 043 906</u></b>
56 557	93 704
114 383	-
368 969	-
<u>522 906</u>	<u>686 639</u>
<b><u>1 062 815</u></b>	<b><u>780 343</u></b>
<u>11 349 489</u>	<u>8 781 828</u>



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### 33. Cash generated from/(used in) operations

Surplus / (deficit)

#### Adjustments for:

Depreciation and amortisation

Gain on sale of assets and liabilities

Debt impairment

Contribution to provisions

Prior period errors - non cash movement

#### Changes in working capital:

Inventories

Trade and other receivables from exchange transactions

Other receivables from non-exchange transactions

Consumer debtors

Trade and other payables from exchange transactions

VAT

Unspent conditional grants and receipts

Consumer deposits

2010	2009
33 408 371	(4 003 500)
6 952 902	7 256 559
-	4 361 116
2 403 439	6 618 344
-	170 941
(4 098 716)	(4 555 572)
72 934	(2 080 706)
(224 478)	12 305 623
(197 900)	-
(2 432 099)	(403 590)
7 001 163	6 468 450
(1 650 874)	(1 542 340)
2 565 350	3 508 796
73 051	-
<b>43 873 143</b>	<b>28 104 121</b>

### 34. Contingencies

#### Contingent liabilities

There are civil cases pending against the municipality which may have potential estimated obligations amounting to R878 209 on the municipality. More information is available at the Legal department of the municipality.

#### Contingent assets

The municipality has an contingent asset outstanding as at 30 June 2010 amounting to R465 984 on a contractor. The matter was heard on the 7 October 2010 by the High Court in Northern Gauteng whereby the order was granted in favour of the municipality.

### 35. Related parties

#### Relationships

Accounting Officer

Post employment benefit plan for employees of entity and/or other related parties

The water and sanitation functions are demarcated in the Demarcation

Act by the Local Municipality on behalf of the District Municipality.

The agreement is structured as an agency principal relationship with the District Municipality being the water service authority

UIF is deductible for all councillor's from 01 July 2009

#### Related party balances

#### Loan accounts - Owing (to) by related parties

Sekhukhune District municipality: Receivables

Other

Refer to accounting officer's report note  
Municipal Gratuity Fund

Refer note below

Refer note below

Refer note below

104 276 754	108 029 300
-------------	-------------



Sekhukhune District Municipality: Agency fees  
Council - UIF  
Council - Salaris short paid  
Council - Salaries over paid  
Employee - Rental fringe benefit

4 352 994	1 168 026
25 682	-
(30 727)	-
6 505	-
7 355	-



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

2010

2009

### 36. Prior period errors

The following prior year errors were identified and adjusted retrospectively:

- Water and sanitation assets were previously not recognised according to the Municipal Structures Act, as assets were recognised by the Ephraim Mogale Local Municipality instead of the Greater Sekhuhune District Municipality.

- Debtors were raised for assets, expenditure and income to be transferred to the District Municipality

- The Capital replacement fund reserve and the Township development fund were not cashed back correctly in terms of Grap1.

The correction of the error(s) results in adjustments as follows:

### Statement of financial position

Property, plant and equipment	-	(2 333 795)
Accumulated surplus	-	(1 103 606)
Township development fund	-	2 900 099
Capital replacement fund	-	3 077 258
Prior year adjustment for fund adjustment in Statement of Financial performance	-	(948 986)
Trade Payables	-	27 166
Trade and other receivables from exchange transactions	-	<u>109 197 326</u>
		<u>110 815 462</u>

### Statement of financial performance

Depreciation expense	-	(177 868)
General expenses	-	(6 697 241)
Service charges	-	<u>5 771 503</u>
	-	<u>(1 103 606)</u>

### 37. Risk management

#### Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 11, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the municipality may adjust the amount of dividends paid to members, return capital to members, issue new shares or sell assets to reduce debt.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

#### Interest rate risk





# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### 37. Risk management (continued)

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

### 38. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 39. Unauthorised expenditure

Unauthorised expenditure

Non compliance to MFMA S29(1),(2) and (3)

### 40. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure

Non compliance to the SCM policy and non compliance to the Basic conditions to employment Act 1997.

### 41. Irregular expenditure

Opening balance

Add: Irregular Expenditure - current year

2010

2009

4 579 537 354 895

10 638 192 080

9 164

-

2 247 980 9 164

2 257 144 9 164

### Details of irregular expenditure not recoverable (not condoned)

Non-compliance with section 38 of the DORA act, resulting in irregular expenditure

2 456 641

### 42. Commitments

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2010:

30 June 2010

	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Nkadameng PM	306	11 163	11 469
Councillor Oosthuizen C	17	1 730	1 747
Councillor More ME	701	7 058	7 759
	<b>1 024</b>	<b>19 951</b>	<b>20 975</b>

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.



# Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

## Notes to the Annual Financial Statements

Figures in Rand

### Contract commitments

Through inspection of the contract register commitments amounting to R14 095 323 are outstanding as at 30 June 2010.

### 43. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

### 44. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E(1) for the comparison of actual operating expenditure versus budgeted expenditure.

### 45. Additional Note

Appendix A: Schedule of external loans

2010

2009

7 958 556

8 356 289



**Ephraim mogale local municipality**  
**Appendix A**

**Schedule of external loans as at 30 June 2010**

	Loan Number	Redeemable	Balance at 30 June 2009	Received during the period	Redeemed written off during the Period	Balance at 30 June 2010	Carrying value of property plant & Equip Rand	Other costs in accordance with the MFMA Rand
			Rand	Rand	Rand	Rand		
<b>Development Bank of South Africa</b>								
DBSA @ 15.00%	10993-103	30/09/2017	1 864 551	-	120 111	1 744 440	-	-
DBSA @ 14.25%	11022-102	30/09/2017	918 292	-	61 066	857 226	-	-
DBSA @ 16.50%	13291-103	31/03/2020	1 085 407	-	39 629	1 045 778	-	-
DBSA @ 16.50%	13292-102	30/09/2021	281 167	-	7 754	273 413	-	-
DBSA @ 16.50%	13293-103	30/09/2019	4 206 872	-	169 175	4 037 697	-	-
			<b>8 356 289</b>	<b>-</b>	<b>397 735</b>	<b>7 958 554</b>	<b>-</b>	<b>-</b>
<b>Total external loans</b>								
Development Bank of South Africa			8 356 289	-	397 735 7	958 554	-	-
			<b>8 356 289</b>	<b>-</b>	<b>397 735 7</b>	<b>958 554</b>	<b>-</b>	<b>-</b>



## **Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2010

### **Supplementary information**

Appendix B: Analysis of property, plant and equipment

The supplementary information presented does not form part of the annual financial statements and is unaudited



## Appendix B

### Analysis of property, plant and equipment as at 30 June 2010

#### Cost/Revaluation

#### Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluation Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposal Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Infrastructure														
PPE	100 622 460	44 090 902	1 178	(714 120)	-	-	144 000 420	(28 833 092)	(1 178)	-	(6 952 903)	-	(35 787 173)	108 213 247
	<b>100 622 460</b>	<b>44 090 902</b>	<b>1 178</b>	<b>(714 120)</b>	<b>-</b>	<b>-</b>	<b>144 000 420</b>	<b>(28 833 092)</b>	<b>(1 178)</b>	<b>-</b>	<b>(6 952 903)</b>	<b>-</b>	<b>(35 787 173)</b>	<b>108 213 247</b>
Community Assets														



## Appendix B

### Analysis of property, plant and equipment as at 30 June 2010

#### Cost/Revaluation

#### Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluation Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposal Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value
Heritage assets														
Specialised vehicles														
Other assets														
Total property plant and equipment														
Infrastructure	100 622 460	44 090 902	1 178	(714 120)	-	-	144 000 420	(28 833 092)	(1 178)	-	(6 952 903)	-	(35 787 173)	108 213 247
	<b>100 622 460</b>	<b>44 090 902</b>	<b>1 178</b>	<b>(714 120)</b>	<b>-</b>	<b>-</b>	<b>144 000 420</b>	<b>(28 833 092)</b>	<b>(1 178)</b>	<b>-</b>	<b>(6 952 903)</b>	<b>-</b>	<b>(35 787 173)</b>	<b>108 213 247</b>
Agricultural/Biological assets														
Intangible assets														
Investment properties														
Investment property	2 903 838	3 947 369	-	-	-	-	6 851 207	-	-	-	-	-	-	6 851 207
	<b>2 903 838</b>	<b>3 947 369</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 851 207</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 851 207</b>
<b>Total</b>														
Infrastructure	100 622 460	44 090 902	1 178	(714 120)	-	-	144 000 420	(28 833 092)	(1 178)	-	(6 952 903)	-	(35 787 173)	108 213 247
Investment properties	2 903 838	3 947 369	-	-	-	-	6 851 207	-	-	-	-	-	-	6 851 207
	<b>103 526 298</b>	<b>48 038 271</b>	<b>1 178</b>	<b>(714 120)</b>	<b>-</b>	<b>-</b>	<b>150 851 627</b>	<b>(28 833 092)</b>	<b>(1 178)</b>	<b>-</b>	<b>(6 952 903)</b>	<b>-</b>	<b>(35 787 173)</b>	<b>115 064 454</b>



## **Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2010

### **Supplementary information**

Appendix D: Segmental Statement of Financial Performance

The supplementary information presented does not form part of the annual financial statements and is unaudited



**Ephraim mogale local municipality**  
**Appendix D**

<b>Segmental Statement of Financial Performance for the year ended</b>						
<b>Prior Year</b>			<b>Current Year</b>			
<b>Actual Income Rand</b>	<b>Actual Expenditure Rand</b>	<b>Surplus/ Deficit Rand</b>	<b>Actual Income Rand</b>	<b>Actual Expenditure Rand</b>	<b>Surplus/ Deficit Rand</b>	
<b>Municipality</b>						
9 545 860	11 721 417	(2 175 557)	Executive & Council/Mayor and Council	19 547 514	12 768 255	6 779 259
45 381 169	31 936 671	13 444 498	Finance & Admin/Finance	54 559 989	28 870 609	25 689 380
18 162 7 427	350	(7 409 188)	Comm. & Social/Libraries and archives	24 592	6 381 569	(6 356 977)
108 209	1 210 875	(1 102 666)	Housing	139 944	5 961 438	(5 821 494)
242 489	3 408 898	(3 166 409)	Public Safety/Police	903 910	4 615 379	(3 711 469)
3 601 649	8 908 300	(5 306 651)	Waste Water Management/Sewerage	4 122 680	5 510 046	(1 387 366)
4 118 310	5 527 299	(1 408 989)	Water/Water Distribution	5 654 740	4 714 802	939 938
13 781 185	11 842 101	1 939 084	Electricity /Electricity Distribution	18 211 948	15 288 004	2 923 944
<b>76 797 033</b>	<b>81 982 911</b>	<b>(5 185 878)</b>		<b>103 165 317</b>	<b>84 110 102</b>	<b>19 055 215</b>
<b>Municipal Owned Entities</b>						
<b>Other charges</b>						
76 797 033	81 982 911	(5 185 878)	Municipality	103 165 317	84 110 102	19 055 215
<b>76 797 033</b>	<b>81 982 911</b>	<b>(5 185 878)</b>	<b>Total</b>	<b>103 165 317</b>	<b>84 110 102</b>	<b>19 055 215</b>





## Ephraim mogale local municipality

Annual Financial Statements for the year ended 30 June 2010

### Supplementary information

Appendix E(1): Actual versus Budget (Revenue and Expenditure)

The supplementary information presented does not form part of the annual financial statements and is unaudited



**Ephraim mogale local municipality**  
**Appendix E(1)**

**Actual versus Budget(Revenue and Expenditure) for the year ended 30 June**

**2010**

	Current year 2010 Act. Adj. Bal.	Current year 2010 Bud. Amt	Variance		Explanation of Significant Variances greater than 10% versus Budget
	Rand	Rand	Rand	Var	
Revenue					
Property rates	9 311 666	9 875 000	(563 334)	(5.7)	
Service charges	21 232 924	29 329 932	(8 097 008)	(27.6)	
Rental of facilities and equipment	123 203	105 911	17 292	16.3	
Fines	903 910	884 140	19 770	2.2	
Licences and permits	4 087 374	5 726 840	(1 639 466)	(28.6)	
Government grants & subsidies	80 608 689	60 488 897	20 119 792	33.3	
Miscellaneous other revenue	-	-	-	-	
Recoveries	230 434	-	230 434	-	
Other income	804 107	851 126	(47 019)	(5.5)	
Interest received - investment	2 890 298	1 599 250	1 291 048	80.7	
	<u>120 192 605</u>	<u>108 861 096</u>	<u>11 331 509</u>	<u>10.4</u>	
Expenses					
Personnel	(35 173 215)	(40 520 539)	5 347 324	(13.2)	
Remuneration of councillors	(6 427 669)	(6 999 456)	571 787	(8.2)	
Administration	(75 391)	(100 100)	24 709	(24.7)	
Depreciation	(6 952 902)	-	(6 952 902)	-	
Finance costs	(1 253 208)	(1 658 000)	404 792	(24.4)	
Debt impairment	(2 403 439)	(200 000)	(2 203 439)	101.7	
Repairs and maintenance - General	(2 628 458)	(4 319 585)	1 691 127	(39.2)	
Bulk purchases	(11 349 489)	(13 367 075)	2 017 586	(15.1)	
Grants and subsidies paid	(1 062 815)	(1 031 090)	(31 725)	3.1	
General Expenses	<u>(19 457 644)</u>	<u>(44 200 109)</u>	<u>24 742 465</u>	<u>(56.0)</u>	
	<u>(86 784 230)</u>	<u>(112 395 954)</u>	<u>25 611 724</u>	<u>(22.8)</u>	
Other revenue and costs	-	1 000 000	(1 000 000)	(100.0)	
Net surplus/ (deficit) for the year	<u>33 408 375</u>	<u>(2 534 858)</u>	<u>35 943 233</u>	<u>(1 418.0)</u>	



## **Ephraim mogale local municipality**

Annual Financial Statements for the year ended 30 June 2010

### **Supplementary information**

Appendix F: Disclosure of grants and subsidies in terms of the Municipal Finance Management Act

The supplementary information presented does not form part of the annual financial statements and is unaudited



Ephraim mogale local municipality  
Appendix F  
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Quarterly Receipts					Quarterly expenditure					Did your municipality comply with the grant conditions in terms of grant framework in the latest division of Revenue Act
				Jun							
Equitable share	17 126 000	13 701 000	-	10 275 000	1 899 000	17 126 000	13 701 000	-	10 275 000	1 899 000	Yes
MIG	7 510 000	2 376 000	-	-	-	7 510 000	2 376 000	-	-	-	Yes
MSIG	735 000	-	-	-	-	735 000	-	-	-	-	Yes
FMG	750 000	-	-	-	-	750 000	-	-	-	-	Yes
Eskom	944 000	-	405 000	-	598 000	944 000	-	405 000	-	598 000	Yes
	27 065 000	16 077 000	405 000	10 275 000	2 497 000	27 065 000	16 077 000	405 000	10 275 000	2 497 000	

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.



## **VI. REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF EPHRAIM MOGALE LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2010**

### **REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF EPHRAIM MOGALE LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2010.**

#### **REPORT ON THE FINANCIAL STATEMENTS**

##### *Introduction*

1. I have audited the accompanying financial statements of the Ephraim Mogale Local Municipality, which comprise the statement of financial position as at 30 June 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages xx to xx.

##### *Accounting officer's responsibility for the financial statements*

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003)(MFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

##### *Auditor-General's responsibility*

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996) and, section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on



the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Basis for qualified opinion**

##### *Cash and cash equivalents*

7. The municipality could not provide sufficient appropriate audit evidence to indicate that steps have been taken to clear unallocated deposits of R1 107 970 appearing on the bank reconciliation as at 30 June 2010. Consequently, payables and receivables have been overstated by R1 107 970.

##### *Property, plant and equipment (PPE)*

8. The municipality's accounting records did not facilitate the easy identification and location of assets recorded in the financial statements amounting to R108 213 247. As a result, I could not satisfy myself as to the valuation, rights and obligations, existence and completeness of property, plant and equipment. The municipality's records did not permit the application of alternative audit procedures.

##### *Intangible assets*

9. Documentation to support the intangible assets balance of R847 762 in the financial statements could not be provided. I was therefore, unable to determine the valuation and completeness of the intangible assets balance. The municipality's records did not permit the application of alternative audit procedures.

##### *Trade and other receivables*

10. Included in the trade and other receivables balance is a movement of R2 052 893 and R2 620 470 debited and credited respectively for which no documentation could be provided. Consequently, I was unable to satisfy myself as to the existence, valuation and completeness of these amounts included in the accounts receivables balance of R108 629 748. The municipality's records did not permit the application of alternative audit procedures.

##### *Trade and other payables*

11. The municipality could not provide sufficient appropriate audit evidence to support the balance of retention money of R2 424 952 included in trade and other payables and note 13 to the financial statements. The municipality's records did not permit the application of alternative audit procedures.



## Revenue

12. The municipality could not provide sufficient appropriate audit evidence to support the grant received from its district municipality amounting to R21 792 410. There were no satisfactory alternative audit procedures that I could perform. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the accuracy, completeness and occurrence of this transaction in the financial statements.

## Budget information

13. The municipality has not disclosed the supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budgets, as prescribed by the Standard of Generally Recognised Accounting Practice, GRAP1, *Presentation of Financial Statements*.

## Related Parties

14. Even though the municipality maintains the declaration of staff members interest forms where individual staff members declare their financial interests in companies and organisations, I was unable to confirm the completeness of the financial interest in companies and organisations as my audit procedures revealed businesses that were not declared for some of the section 57 managers.

## Qualified Opinion

15. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Ephraim Mogale Local Municipality for the year ended 30 June 2010, in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the MFMA.

## Emphasis of matter

16. I draw attention to the matters below. My opinion is not modified in respect of these matters:

## Restatement of corresponding figures

17. As disclosed in note 36 to the financial statements, the corresponding figures for the year ended 30 June 2009 have been restated as a result of an error discovered during 30 June 2010 in the financial statements of Ephraim Mogale Local Municipality at, and for the year ended, 30 June 2009.

## Fruitless and wasteful expenditure

18. As disclosed in note 40 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R10 638 due to the following;
- R3 659 was incurred, as a result of interest paid to overdue accounts.



- A further amount of R6 233 was incurred for outstanding annual leave days owed to an employee which was paid in excess of the required 48 days of leave.
- R746 was incurred due to payments made to employees claiming kilometres travelled above the stipulated kilometres as per the municipality guidelines.

#### **Irregular expenditure**

19. As disclosed in note 41 to the financial statements, irregular expenditure to the amount of R2 247 980 was incurred by the municipality due to expenditure incurred in contravention with supply chain management regulations.

#### **Unauthorised expenditure**

20. As disclosed in note 39 to the financial statements, unauthorised expenditure to the amount of R4 579 537 was incurred as a result of a conditional grant that was utilised for purposes other than intended for.

#### **Additional matter**

21. I draw attention to the matter below. My opinion is not modified in respect of this matter:

#### **Unaudited supplementary schedules**

22. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

23. As required by the PAA and in terms of *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the following key laws and regulations and financial management (internal control).

#### **Predetermined objectives**

24. Material findings on the report on predetermined objectives, as set out on pages xx to xx, are reported below:

#### **Non-compliance with regulatory and reporting requirements**

#### **Performance of service providers**

25. The municipality did not disclose the performance of service providers in the annual performance report, as required by section 46 of the Municipal Systems Act (MSA).





### **Annual report does not have comparisons**

26. The municipality's annual performance report did not reflect comparison of projects completed in prior year to the current year, as required in terms of section 46(1) of the MSA.

### **Measures to improve performance**

27. The municipality's annual report did not reflect measures to improve performance where targets were not met, as required by section 46(1) of the MSA.

### ***Usefulness of reported performance information***

28. The following criteria were used to assess the usefulness of the planned and reported performance:

- Consistency: Has the municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated development plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
- Relevance: Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?
- Measurability: Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

The following audit findings relate to the above criteria:

### ***Planned and reported indicators not well defined***

29. For the selected, programmes, 21% of the planned and reported indicators were not clear, with an unambiguous definition to allow for data to be collected consistently.

### **Compliance with laws and regulations**

#### **Electricity Regulation Act, 4 of 2006**

#### **No approval for the increase in the electricity tariff**

30. Contrary to section 15(2) of the Electricity Regulation Act, 2006 (Act no. 4 of 2006) the municipality did not submit an application to the National Energy Regulator of South Africa (NERSA) requesting approval for the increase in the electricity tariff of 31.3 %.



## **MFMA**

### **The accounting officer did not adhere to his statutory responsibilities**

31. Contrary to the requirement of section 62(1)(d) of the MFMA, the accounting officer did not comply with his legislative responsibilities to implement effective, efficient and transparent processes of financial and risk management to prevent and detect unauthorised, irregular and fruitless and wasteful expenditure.
32. Contrary to the requirement of section 62(1)(b) of the MFMA, the accounting officer did not take reasonable steps to ensure that full and proper records of the financial affairs was kept resulting in requested information not being available at the municipality.

### **The financial statements were not prepared in accordance with applicable legislation**

33. Contrary to the requirements of section 122(1) of the MFMA, the municipality did not prepare financial statements that fairly present its state of affairs as material misstatements were corrected during the audit.
34. In terms of section 122(3) of the MFMA, the annual financial statements must be prepared in accordance with generally recognised accounting practice as determined by the Accounting Standards Board. The municipality have not provided all of the required supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, as prescribed by GRAP 1 *Presentation of Financial Statements*

### **Expenditure was not paid within the parameters set by the applicable legislation**

35. Contrary to the requirements set out in section 65(2)(e) of the MFMA, the municipality did not pay money owing by the municipality within 30 days of receiving the statement or invoice for payments.

### **Existence and functioning of the audit committee**

36. Contrary to the provisions of section 166 of the MFMA, the audit committee did not review the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with this Act.
37. Contrary to section 166 (1) of the MFMA, the audit committee charter did not include matters relating to internal financial control, effective governance and performance management.

## **INTERNAL CONTROL**



38. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives as well as compliance with the MFMA, but not for the purpose of expressing an opinion on the effectiveness of internal control.
39. The matters reported below are limited to the significant deficiencies regarding the basis for disclaimer of opinion paragraph, the findings on the report on predetermined objectives and the findings on compliance with laws and regulations.

- **Leadership**

- Oversight responsibility*

- The accounting officer does not exercise oversight responsibility over reporting and compliance by management with laws, regulations and internally designed policies and procedures. As a result, non-compliance issues were noted.

- **Financial and performance management**

- Quality, reliable annual financial statements*

- The financial statements and other information to be included in the annual report are not reviewed for completeness and accuracy prior to submission for audit by the chief financial officer.

- Adequate systems*

- Adequate systems, manual or automated controls are not designed or implemented to ensure that the transactions have occurred, are authorised, and are completely and accurately processed pertaining to the accounting system.

- **Governance**

- Risk identification*

- Internal controls are not selected and developed to prevent/detect and correct material misstatements in financial reporting and reporting on predetermined objectives.



### Fraud prevention

No fraud prevention plan was in place for the financial year under review; as a result no evidence that the municipality has specific measures for preventing and detecting fraud as required by section 62(1)(c) of the MFMA .

### Internal Audit

Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial and performance reporting.

There is a limited focus on matters related to financial and performance reporting.

### Audit committee

The audit committee did not fulfil its responsibilities as set out in legislation and in accordance with accepted best practice.

Financial statements and performance reports are not reviewed prior to submission for audit.

Polokwane  
14 March 2011



AUDITOR - G E N E R A L  
S O U T H   A F R I C A

*Auditing to build public confidence*



Ephraim Mogale Local Municipality

## **VII. MANAGEMENT COMMENTS AND REPLY TO THE REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF GREATER MARBLE HALL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2010**

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Introduction**

The scope of the Audit Performed by the Office of The Auditor General is noted and accepted.

#### **The accounting officer's responsibility for the financial statements**

The accounting officer knows and accepts his responsibility for the preparation and fair presentation of these financial statements in accordance with the Statements on Generally Recognised Accounting Practice (Statements of GRAP), as set out in accounting policy note 1.1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **The Auditor-General's responsibility**

The responsibility as defined by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), is accepted and the accounting officer accept and support the responsibility of the Office of the Auditor General to express an opinion on the financial statements based on a professionally managed and performed audit as required.

It is supported and accepted that the basis of the audit performed was in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.

It is accepted that the audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements, that the procedures that were selected depended on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. Further it is accepted that in making those risk assessments, the auditor considered internal controls relevant to the municipality's preparation and fair presentation of the financial statements in order to design his audit procedures that were appropriate in the



circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. It is further accepted that the audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

It is supported, accepted and appreciated that the Auditor General obtained all the evidence required to be sufficient and appropriate to provide a basis for the audit opinion.

## **Opinion**

The opinion of the Auditor General is accepted and it is stated that management will strive at all times to improve and address all issues raised by the auditor general.

## **Other matters**

### **Non-compliance with applicable legislation**

#### Finding

40. The municipality did not disclose the performance of service providers in the annual performance report, as required by section 46 of the Municipal Systems Act (MSA).

#### Comment

The information has now been included in the Annual report under chapter 1X

#### Finding

41. The municipality's annual performance report did not reflect comparison of projects completed in prior year to the current year, as required in terms of section 46(1) of the MSA.

#### Comment

The information has now been included in the Annual report under chapter 1X

#### Finding

42. The municipality's annual report did not reflect measures to improve performance where targets were not met, as required by section 46(1) of the MSA.



#### Comment

The information has now been included in the Annual report under chapter 1X

#### Finding

43. Contrary to section 15(2) of the Electricity Regulation Act, 2006 (Act no. 4 of 2006) the municipality did not submit an application to the National Energy Regulator of South Africa (NERSA) requesting approval for the increase in the electricity tariff of 31.3 %

#### Comment

The municipality did not have a Chief Financial Officer at the time and the assistance that was sorted from service providers and DBSA were not aware of this requirement.

#### Finding

44. Contrary to the requirement of section 62(1)(d) of the MFMA, the accounting officer did not comply with his legislative responsibilities to implement effective, efficient and transparent processes of financial and risk management to prevent and detect unauthorised, irregular and fruitless and wasteful expenditure.

#### Comment

Management will continue at all time to improve on all its systems and processes to ensure easy detection and prevention of unauthorised, irregular and fruitless and wasteful expenditure.

#### Finding

45. Contrary to the requirement of section 62(1)(b) of the MFMA, the accounting officer did not take reasonable steps to ensure that full and proper records of the financial affairs was kept resulting in requested information not being available at the municipality.

#### Comment

The accounting officer has during the reporting period kept complete and proper records of the financial affairs of the municipality but unfortunately the auditors were unable to properly handle information submitted to them and as a result the same information that management has already submitted will be required several times by the auditors as they were unable to find it in their totally disorganised office.

Management will ensure that future audit information requested and submitted will be acknowledged by a signature from the auditors to avoid what happened in the 2009/2010 audit.



### Finding

46. Contrary to section 166 (1) of the MFMA, the audit committee charter did not include matters relating to internal financial control, effective governance and performance management.

### Comment

Management notes this and will ensure that these issues are captured in the charter.

### **Governance framework**

#### **Key governance responsibilities**

The accounting officer accepts his responsibilities concerning, his MFMA tasks, financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities corrective measures, which have been analysed and corrective measures implemented as follows:

- **Governance**

#### **Risk identification**

Internal controls are not selected and developed to prevent/detect and correct material misstatements in financial reporting and reporting on predetermined objectives.

#### **Corrective Measure**

These controls will be developed and implemented in the 2010/2011 reporting period.

#### **Fraud prevention**

No fraud prevention plan was in place for the financial year under review; as a result no evidence that the municipality has specific measures for preventing and detecting fraud as required by section 62(1)(c) of the MFMA .

#### **Corrective Measure**





The fraud prevention plan will be developed during the 2010/2011 financial year.

### **Internal Audit**

On-going monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial and performance reporting.

There is a limited focus on matters related to financial and performance reporting.

### **Corrective Measure**

Focus and attention will be drawn to matters related to financial and performance reporting.

### **Audit committee**

The audit committee did not fulfil its responsibilities as set out in legislation and in accordance with accepted best practice.

Financial statements and performance reports are not reviewed prior to submission for audit.

### **Corrective Measure**

The opinion of the auditor is based on best practice and not a legislative requirement, management is of the opinion that the absence of a legislative requirement to submit annual financial statement to the audit committee before they are submitted for audit therefore means that all steps taken by management were correct and within legislative requirements. Management will however submit the AFS to the audit committee in the 2010/2011 for the purpose of best practice.

## **Report on performance information**

### **Findings on performance information - Usefulness and reliability of reported performance information**

The following audit findings relate to the above criteria:



- Consistency: Inconsistency between the Integrated Development Plan, Service Delivery Budget Implementation Plan and the final performance outcome.
- Reliability: The usefulness of the performance information could not be verified due to insufficient disclosure of measures to improve the performance of the municipality. Reasons for deviations are provided but the improvement of performance is not stipulated and the indicator/targets had not been met according to the actual outcome of performance information.

### **Planned and reported indicators not well defined**

For the selected, programmes, 21% of the planned and reported indicators were not clear, with an unambiguous definition to allow for data to be collected consistently

#### Corrective Measure

The performance indicators will in the 2010/2011 be properly structured and clear to allow for easy auditing.

### **APPRECIATION**

The assistance rendered by the staff of the Office of the Auditor General to the Ephraim Mogale Local Municipality during the audit is sincerely appreciated.



## VIII. FUNCTIONAL AREA SERVICE DELIVERY REPORTING

### FINANCE AND ADMINISTRATION

Function:	Finance and Administration
Sub Function:	Finance

Reporting Level	Detail	Total	
<b>Overview:</b>	Includes all activities relating to the finance function of the municipality. Note: grants information should appear in Chapter 4 on Financial Statements and Related Financial Information. Revenue management, Debt management, Expenditure Management, Budget control, Accounting services and administration Financial support.		
<b>Description of the Activity:</b>	<p><b>The function of finance within the municipality is administered as follows and includes:</b></p> <p><i>Collect revenue (revenue enhancement),</i>  <i>Manage debts (minimise debtors),</i>  <i>Management of expenditure (expenditure to be according to the budget and no over expenditure),</i>  <i>Manage and control the approved budget</i>  <i>Properly account on all transactions undertaken</i>            These services extend to include &lt;function/area&gt;, but do not take account of &lt;function/area&gt; which resides within the jurisdiction of &lt;national/provincial/other private sector&gt; government. The municipality has a mandate to:</p> <p><b>Collect revenue (revenue enhancement),</b>  <b>Manage debts (minimise debtors),</b>  <b>Management of expenditure (expenditure to be according to the budget and no over expenditure),</b>  <b>Manage and control the approved budget</b>  <b>Properly account on all transactions undertaken</b>  <i>Give support to other Council's departments</i>  <b>The strategic objectives of these functions are to:</b>            To ensure that the municipality is financially viable to ensure proper provision of services to the community  <b>The key issues for 2009/2010 are:</b></p>		



Reporting Level	Detail	Total	
	<i>To maximize the collection of revenue</i> <i>Creation of efficient and effective Supply Chain Management unit.</i> <i>To compile a supplementary valuation roll in compliance with the MPRA</i> <i>To compile the 2009/2010 financial statement according to Gamap/Grap format</i> <i>To comply with the budget reforms and circulars relating to budget process issued by the National Treasury</i> <i>To enable effective service delivery of municipal services and functions by ensuring financial stability of the Municipality throughout the financial year</i> <i>To improve financial management so as to obtain an unqualified audit report</i> <i>Annual review indigent register</i> <i>To ensure effective and efficient financial management of PHP housing, MIG, FMG, MSIG and any other grants in terms of the Division of Revenue Act (DORA)</i>		

Analysis of the Function: 1 & 2											
	<b>Debtor billings : number and value of monthly billings and interest:</b>										
	<b>Month</b>	<b>Water</b>	<b>Electricity</b>	<b>Refuse removal</b>	<b>Sanitation</b>	<b>Rates</b>	<b>Interest</b>	<b>Other</b>	<b>Vat</b>	<b>Total number billed</b>	<b>Total amount billed</b>
	July	405,262.57	1,421,860.45	191,405.81	144,246.02	709,607.26	122,945.55	13,494.22	304,127.38	11823	<b>3,312,949.26</b>
	August	530,136.18	2,739,339.44	189,867.66	145,627.51	700,700.10	131,504.16	18,560.56	505,838.71	11820	<b>4,961,574.32</b>
	September	446,833.80	1,127,959.34	189,969.39	146,868.98	755,310.02	142,380.88	-	226,553.30	11858	<b>3,035,875.71</b>
	October	644,186.00	1,001,255.00	190,412.00	146,862.00	745,910.00	146,366.00	65,800.00	281,909.00	11808	<b>3,222,700.00</b>
	November	415,454.00	1,527,018.00	190,191.00	146,902.00	863,788.00	145,680.00	32,264.00	322,729.00	11815	<b>3,644,026.00</b>



December	414,635.78	1,376,583.83	192,820.84	148,215.40	761,858.48	160,730.92	47,203.70	303,166.01	11826	<b>3,405,214.96</b>
January	462,998.32	1,556,789.83	192,338.60	148,302.50	749,060.96	168,830.52	35,557.93	336,476.23	13389	<b>3,650,354.89</b>
February	446,749.59	1,466,378.62	145,336.59	148,428.35	887,593.82	170,983.63	137,977.20	322,716.59	13387	<b>3,726,164.39</b>
March	469,862.52	1,435,594.33	192,013.88	148,956.10	856,280.00	192,013.88	33,152.00	320,607.79	13383	<b>3,648,480.50</b>
April	408,585.60	1,457,615.76	192,885.76	149,964.80	864,865.76	187,070.79	80,945.26	315,810.70	11857	<b>3,657,744.43</b>
May	501,036.72	1,415,979.63	193,137.14	149,267.26	864,139.93	203,430.30	23,888.22	318,829.89	11857	<b>3,669,709.09</b>
June	452,220.20	1,514,566.00	192,421.27	149,295.50	650,018.59	179,797.63	46,386.10	326,320.15	11855	<b>3,511,025.44</b>



<b>Debtor collections: value of amount received and interest:</b>	<i>R (000s)</i>	<i>R (000s)</i>						
<b>Month</b>	<b>Water</b>	<b>Electricity</b>	<b>Refuse removal</b>	<b>Sanitation</b>	<b>Rates</b>	<b>Interest</b>	<b>Other</b>	<b>Total amount received</b>
July	233,277.10	1,000,014.00	121,204.84	100,048.60	499,828.80	15,470.80	353,390.55	<b>2,323,234.69</b>
August	207,569.02	1,206,109.91	131,112.09	93,293.54	492,243.04	12,053.64	320,166.59	<b>2,462,547.83</b>
September	244,201.46	1,353,431.68	132,870.96	105,177.59	536,254.07	14,211.45	387,851.98	<b>2,773,999.19</b>
October	297,917.00	1,555,468.00	180,071.00	119,689.00	556,037.00	17,563.00	387,230.00	<b>3,113,975.00</b>
November	416,829.00	1,602,081.00	190,884.00	146,902.00	487,988.00	21,619.02	124,051.98	<b>2,990,355.00</b>
December	264,646.17	1,593,735.70	163,845.16	116,292.50	543,142.82	24,271.63	470,984.84	<b>3,176,918.82</b>
January	218,289.73	1,317,864.72	140,761.68	76,587.81	509,595.92	16,089.00	355,534.69	<b>2,634,723.55</b>
February	282,751.21	1,625,753.41	170,320.85	123,451.93	628,996.23	30,349.08	531,577.08	<b>3,393,199.79</b>
March	278,148.31	1,382,921.29	114,737.24	145,491.77	639,461.54	27,633.31	387,496.84	<b>2,975,890.30</b>
April	261,196.81	1,446,978.20	148,914.82	123,694.68	517,196.36	28,553.31	427,264.56	<b>2,953,798.74</b>



May	246,530.01	1,068,921.00	102,127.92	104,401.32	446,909.65	23,254.02	316,048.72	<b>2,308,192.64</b>
June	313,355.30	1,778,344.00	206,015.72	144,037.50	1,016,350.41	60,446.12	637,532.22	<b>4,156,081.27</b>

#### Age Analysis

	0-30 DAYS		31-60 DAYS		61-90 DAYS		90-120		120 days		TOTAL	
	RANDS	%	RANDS	%	RANDS	%	RANDS	%	RANDS	%	RANDS	%
WATER	480,721	14%	167,404	14%	210,751	21%	222,792	23%	4,755,692	31.80%	5,837,359	27%
ELECTRICITY	1,393,972	40%	251,074	21%	77,908	8%	38,736	4%	53,448	0.36%	385,441	2%
PROPERTY RATES	816,189	23%	450,301	38%	407,795	41%	391,690	41%	3,153,541	21.09%	5,219,515	24%
SEWERAGE	132,590	4%	49,069	4%	42,079	4%	38,638	4%	904,047	6.04%	1,166,423	5%
REFUSE REMOVAL	171,354	5%	56,394	5%	45,929	5%	36,475	4%	969,534	6.48%	1,279,685	6%
OTHER	484,940	14%	196,175	17%	216,982	22%	226,932	24%	5,119,333	34.23%	6,244,362	29%
<b>TOTAL BY INCOME SOURCE</b>	<b>3,479,766</b>	<b>100%</b>	<b>1,170,415</b>	<b>100%</b>	<b>1,001,444</b>	<b>100%</b>	<b>955,262</b>	<b>100%</b>	<b>14,955,595</b>	<b>100.00%</b>	<b>21,562,481</b>	<b>93%</b>

Detail	Total	
Property rates (Residential):		<i>R (000s)</i>
- Number and value of properties rated	7433	617,833,500
- Number and value of properties not rated	358	18,332,871
- Number and value of rate exemptions	3720	66,688,500
- Rates collectible for the current year		6,690,538
Property rates (business):		
- Number and value of properties rated	1810	890,368,760
- Number and value of properties not rated	0	0
- Number and value of rate exemptions	0	0
- Rates collectible for the current year	0	2,000,000
Regional Service Council (RSC) levies:		<i>R (000s)</i>
- Number and value of returns	0	0
- Total Establishment levy	0	0
- Total Services levy	0	0
- Levies collected for the current year	0	0



Property valuation:		
- Year of last valuation	2010	
- Regularity of valuation	Annually	
Indigent Policy:		
- Quantity (number of households affected)	2300	
- Quantum (total value across municipality)	500,000	
Creditor Payments:	R (000s)	
<b>CREDITORS NAME</b>	<b>AMOUNT</b>	<b>AGE</b>
ESKOM	20,301	0-30
TELKOM	27350	0-30
PELEBRA CONSTRUCTION	146,271	0-30
ELESTER (PTY) LTD	49,574	0-30
BUILD IT	1,770	0-30
GLOBE WITBANK	25,827	0-30
RAND DATA FORMS	9,427	0-30
GERHARD FOURIE INGE	4,788.00	0-30
NASHUA	17,474.65	0-30
SPEEDWAYS	6,593.63	0-30
ARB ELECTRICAL	8,607	0-30
MARBLE HALL FOOD MARKET	5,227	0-30
GLANDSPUNT DRUKKERS	14,912	0-30
Credit Rating:	R (000s)	
<List credit rating details here>	0	0
List here whether your Council has a credit rating, what it is, from whom it was provided and when it was last updated		





## External Loans

### DBSA

#### LOAN NUMBER 10993/103

DATE	OPENING BALANCE	INSTALMENT	CAPITAL PORTION	INTEREST PORTION	CLOSING BALANCE
30/07/2006	R 2,058,325.13				R 2,058,325.13
29/09/2006	R 2,058,325.13	R 190,617.05	R 35,819.72	R 154,797.33	R 2,022,505.41
31/03/2007	R 2,022,505.41	R 190,617.09	R 39,188.12	R 151,428.97	R 1,983,317.29
30/09/2007	R 1,983,317.29	R 190,617.03	R 41,304.02	R 149,313.01	R 1,942,013.27
31/03/2008	R 1,942,013.27	R 190,617.18	R 44,488.59	R 146,128.59	R 1,897,524.68
30/09/2008	R 1,897,524.68	R 190,695.27	R 47,912.69	R 142,782.58	R 1,849,611.99
31/03/2009	R 1,849,611.99	R 190,616.99	R 52,276.13	R 138,340.86	R 1,797,335.86
30/09/2009	R1,797,335.86	R190,616.94	R55,447.41	R135,169.53	R1,741,888.45
31/03/2010	R1,741,888.45	R190,616.99	R60,333.28	R130283.71	R1,681,555.17

### DBSA

#### LOAN NUMBER 11022/102

DATE	OPENING BALANCE	INSTALMENT	CAPITAL PORTION	INTEREST PORTION	CLOSING BALANCE
30/07/2006	R 1,021,540.39			R 107.36	R 1,021,540.39
29/09/2006	R 1,021,540.39	R 91,663.22	R 18,679.04	R 72,984.18	R 1,002,861.35
31/03/2007	R 1,002,861.35	R 91,663.24	R 20,333.56	R 71,329.68	R 982,527.79
30/09/2007	R 982,527.79	R 91,663.21	R 21,394.73	R 70,268.48	R 961,133.06
31/03/2008	R 961,133.06	R 91,663.19	R 22,959.06	R 68,704.13	R 938,174.00
30/09/2008	R 938,174.00	R 91,698.96	R 24,635.13	R 67,063.83	R 913,538.87
31/03/2009	R 913,538.87	R 91,663.19	R 26,751.88	R 64,911.31	R 886,786.99
30/09/2009	R886,786.99	R91,663.17	R28,306.50	R63,356.67	R858,480.49
31/03/2010	R858,480.49	R91,663.20	R30,664.02	R60,999.18	R827,816.47

### DBSA



**LOAN NUMBER 13291/103**

DATE	OPENING BALANCE	INSTALMENT	CAPITAL PORTION	INTEREST PORTION	CLOSING BALANCE
30/07/2006	R 1,125,830.75			R 90.01	R 1,125,830.75
29/09/2006	R 1,125,830.75	R 104,296.81	R 11,161.30	R 93,135.51	R 1,114,669.45
31/03/2007	R 1,114,669.45	R 104,296.82	R 12,494.24	R 91,802.58	R 1,102,175.21
30/09/2007	R 1,102,175.21	R 104,296.80	R 13,023.93	R 91,272.87	R 1,089,151.28
31/03/2008	R 1,089,151.28	R 104,296.78	R 14,148.47	R 90,148.31	R 1,075,002.81
30/09/2008	R 1,075,002.81	R 104,338.20	R 15,366.03	R 88,972.17	R 1,059,636.78
31/03/2009	R 1,059,636.78	R 104,296.79	R 17,116.26	R 87,180.53	R 1,042,520.52
30/09/2009	R1,042,520.52	R104,296.78	R18,053.20	R86,243.58	R1,024,467.32
31/03/2010	R1,024,467.32	R104,296.79	R20,009.78	R84,287.01	R1,004,457.54

**DBSA****LOAN NUMBER 13292/102**

DATE	OPENING BALANCE	INSTALMENT	CAPITAL PORTION	INTEREST PORTION	CLOSING BALANCE
31/07/2006	R 236,564.51			R 22.13	R 236,564.51
29/09/2006	R 236,564.51	R 25,643.77	R 2,154.01	R 23,489.76	R 234,410.50
31/03/2007	R 234,410.50	R 25,643.78	R 2,436.42	R 23,207.36	R 231,974.08
30/09/2007	R 231,974.08	R 25,643.77	R 2,510.59	R 23,133.18	R 229,463.49
31/03/2008	R 229,463.49	R 25,643.76	R 2,729.84	R 22,913.92	R 226,733.65
30/09/2008	R 226,733.65	R 25,653.95	R 2,967.27	R 22,686.68	R 223,766.38
31/03/2009	R 223,766.38	R 25,643.77	R 3,335.33	R 22,308.44	R 220,431.05
30/09/2009	R220,431.05	R25,643.76	R3,488.67	R22,155.09	R216,942.38
31/03/2010	R216,942.38	R25,643.77	R3,896.77	R21,747.00	R213,045.61

**DBSA****LOAN NUMBER 13293/103**

DATE	OPENING BALANCE	INSTALMENT	CAPITAL PORTION	INTEREST PORTION	CLOSING BALANCE
31/07/2006	R 4,396,498.76			R 355.07	R 4,396,498.76



29/09/2006	R 4,396,498.76	R 411,425.06	R 47,720.18	R 363,704.88	R 4,348,778.58
31/03/2007	R 4,348,778.58	R 411,425.10	R 53,261.84	R 358,163.26	R 4,295,516.74
30/09/2007	R 4,295,516.74	R 411,425.05	R 55,702.03	R 355,723.02	R 4,239,814.71
31/03/2008	R 4,239,814.71	R 411,425.01	R 60,495.97	R 350,929.04	R 4,179,318.74
30/09/2008	R 4,179,318.74	R 411,588.41	R 65,686.55	R 345,901.86	R 4,113,632.19
31/03/2009	R 4,113,632.19	R 433,980.69	R 95,006.05	R 338,974.64	R 4,018,626.14
30/09/2009	R4,018,626.14	R411,415.51	R77,157.93	R334,257.58	R3,941,468.21
31/03/2010	R3,941,468.21	R411,425.05	R85,332.65	R326,092.40	3,856,135.56

Delayed and Default Payments:

**No repayment of loans were delayed and no default payment was done by Council.**

Note: This information need not be reported here if reported as notes to the accounts.

0

0

Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
To maximize the collection of revenue	82% collected	80% collection
Creation of efficient and effective Supply Chain Management unit	80% filled positions	100% filled positions
To compile a supplementary valuation roll in line with the MPRA and GIS	100% completed	100% completeness
To compile the 2009/2010 financial statement according to Gamap/Grap format	90% completed	100% compilation
To comply with the budget reforms and circulars relating to budget process issued by the National Treasury.	100% completed	100% compliance
To enable effective service delivery of municipal services and functions by ensuring financial stability of the municipality throughout the financial year	82% collection rate of revenue	100% collection
To improve financial management so as to obtain an unqualified audit report	100% completed	100% completeness
Annual review indigent register	70% completed	100% completeness
To ensure effective and efficient financial management of PHP housing, MIG, MSIG, FMG and any other grants in terms of DORA	100% completed	100% completeness



**Function:** Finance and Administration  
**Sub Function:** Other Administration (Procurement)

Reporting Level	Detail	Total	
Overview:	Includes all activities relating to overall procurement functions of the municipality including costs associated with orders, tenders, contract management etc		
Description of the Activity:	<p>The function of procurement within the municipality is administered as follows and includes:</p> <p><b><i>Demand management, acquisition management, disposal management and risk management</i></b></p> <p>These services extend to include &lt;function/area&gt;, but do not take account of &lt;function/area&gt; which resides within the jurisdiction of &lt;national/provincial/other private sector&gt; government. The municipality has a mandate to:</p> <p><b><i>To be fair, transparent and equal in the execution of supply chain processes</i></b></p> <p>The strategic objectives of this function are to:</p> <p><b><i>To give effect to the provision of the constitution, MFMA, PPPFA and other procurement legislations</i></b></p> <p><b><i>To transform outdated procurement and provisioning practices into an integrated SCM function.</i></b></p> <p><b><i>To ensure that SCM forms an integral part of the financial management system of the municipality.</i></b></p> <p><b><i>Promote consistency in respect of supply chain management policy and other related policy initiatives in the municipality.</i></b></p> <p><b><i>Align with global trends</i></b></p> <p>The key issues for 2009/10 are:</p> <p><b><i>Appoint additional acquisition officer Provide training for SCM personnel Provide workshop for local business community on bidding process and related activities</i></b></p> <p><b><i>Improve database management</i></b></p> <p><b><i>Improve order generation turnaround time to ensure effective delivery of services</i></b></p>		
Analysis of the Function:	<p>&lt;Provide statistical information on (as a minimum):&gt;</p> <p>1 Details of tender / procurement activities:</p> <ul style="list-style-type: none"> <li>- Total number of times that tender committee met during year</li> <li>- Total number of tenders considered</li> <li>- Total number of tenders approved</li> </ul>	<p><b>33</b></p> <p><b>22</b></p> <p><b>20</b></p>	



	- Average time taken from tender advertisement to award of tender	<b>2 months</b>	
	Note: Figures should be aggregated over year across all municipal functions		
2	Details of tender committee: <b><u>Adjudication committee</u></b> <i>Chairperson : Ms Mathabatha (CFO)</i> <i>Members: Mr. L Makopo, Mr. B Marais, Mr. M.P Matseke, Ms M Komape</i> <i>Specification Committee and Evaluation Committee. - Members appointed on adhoc basis</i>		
<b>Key Performance Area</b>		<b>Current</b>	<b>Target</b>
<i>Training of SCM Unit and other officials</i>	<i>University of Pretoria training provided</i>	<i>Completed</i>	<i>100%</i>
<i>Providing workshop to local Business Community</i>	<i>Workshop conducted together with the Strategic department as well as a SCM seminar held with the assistance of the department</i>	<i>Completed</i>	<i>1</i>
			<i>2</i>



## STRATEGIC PLANNING

**Function:** Planning and Development  
**Sub Function:** Economic Development

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with economic development initiatives		
Description of the Activity:	<p>The function of economic planning / development within the municipality is administered as follows and includes:</p> <p>The Strategic Planning department is committed to improving the quality of life of the community by being accountable to the community, providing services in a sustainable manner, promoting social and economic development, promoting a safe and healthy environment, encouraging public participation and ensuring the efficient and effective utilization of all available resources.</p> <p>The strategic objectives of this function are to:</p> <p><i>Operationalising the LED strategy, implementing competitive action plan for the horticulture cluster and compile feasibility study and business model for Logistic Hub</i></p> <p>The key issues for 2009/10 are:</p> <ol style="list-style-type: none"> <li><i>1. Operationalising the LED strategy and the Urban Renewal strategy</i></li> <li><i>2. Promote economic growth by implementing the action plans of the four approved clusters namely tourism, meat, informal sector and horticulture.</i></li> <li><i>3. Complete Logistic Hub study</i></li> <li><i>4. Marketing and investment strategy compilation</i></li> <li><i>5. LED strategy communication</i></li> </ol>		
Analysis of the Function:	<p>&lt;Provide statistical information on (as a minimum):&gt;</p> <p>1 Number and cost to employer of all economic development personnel:</p> <ul style="list-style-type: none"> <li>- Professional (Directors / Managers)LED/Tourism Manager</li> <li>- Non-professional (Clerical / Administrative)LED Officer</li> <li>- Temporary</li> <li>- Contract</li> </ul>	<p><i>one</i></p> <p><i>one</i></p> <p>&lt;total&gt;</p> <p>&lt;total&gt;</p>	<p>R (000s)</p> <p>498 260</p> <p>229 181</p> <p>&lt;cost&gt;</p> <p>&lt;cost&gt;</p>



	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
--	---	--	--

Reporting Level	Detail	Total	
2	Detail and cost of incentives for business investment: <list details> Note: list incentives by project, with total actual cost to municipality for year		R (000s) <cost>
3	Detail and cost of other urban renewal strategies: <i>LED strategy operationalising, Horticulture cluster Logistic Hub study, marketing, consultants, entertainment and S&amp;T</i> Note: list strategies by project, with total actual cost to municipality for year		R (000s) 1 321 957
4	Detail and cost of other rural development strategies: <list details> Note: list strategies by project, with total actual cost to municipality for year		R (000s) <cost>
5	Number of people employed through job creation schemes: - Short-term employment(Infrastructure projects) - Long-term employment(Bead/Jewelry project) Note: total number to be calculated on full-time equivalent (FTE) basis, and should only be based on direct employment as a result of municipal initiatives	<number> <number>	380 10
6	Number and cost to employer of all Building Inspectors employed: - Number of Building Inspectors - Temporary - Contract Note: total number to be calculated on a full-time equivalent (FTE) basis, total cost to include total salary package	<number> 1	R (000s) <value> 229 181
7	Details of building plans: - Number of building plans approved - Value of building plans approved	<41r> <value>	41 8 633 312
	Note: Figures should be aggregated over year to include building plan approvals only		
8	Type and number of grants and subsidies received: <list each grant or subsidy separately> Note: total value of specific planning and development grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year. 1.MSIG 2.EU Grant	<total>	R (000s) <value>  1 735 000 1 723 620



Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<p>&lt;List at least five key performance areas relative to the above function as articulated in the 2009/10 budget here&gt;</p> <p>1.To source funds for the implementation of projects that have been identified in the municipality's Integrated Development Plan.</p> <p>2. Develop an IDP that ensures the activities of the municipality and its resource allocation are aligned to political priorities and community needs taking into account human resource and financial constraints.</p>	<p>&lt; List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.</p> <p>1.R 723 620 grant received from EU for Logistic hub study. 2.R735000 received from MSIG for functioning of ward committees, compilation of supplementary valuation roll and GAMAP/GRAP compliant asset register</p> <p>Process plan has been compiled and approved by Council on 11 August 2009. IDP representative forum meetings held on 11 December 2009 and 10 March 2010.(which included sector departments). The draft was approved by Council on 30 March 2010 and has been advertised for public comment on 8 April 2010 and was open for comment until 30 April 2010. Copies of the document as well as the budget and tariffs was handed to the 3 satellite offices and 5 traditional authority offices on 8 April 2010. Community consultation took place during April 10 by Councillors and Management to discuss draft IDP and budget . Comments were received from various wards which was incorporated in the document and has been approved by Council on 31 May 2010. The final document was sent to the MEC on 10 June 2010. Strategic planning workshop held on 11 and 12 February 2010 at Leshoka Thabang to align planning process to budgetary process. Ward development plans updated.</p>	<p>Financial plan for 2009/10 reflects confirmed funds allocated amounting to R97m which includes capital of 23.74m.</p> <p>IDP for 2010/11 approved on 31/5/10. Strategic planning workshop held on 11-12 February 10. Ward development plans updated. SDBIP approved on 31 May 2010</p>	<p>Increase funds for implementation of projects as identified in the IDP by 10% of the municipality's budget by facilitating the preparation of business plans and making applications for funds in consultation with the Municipal Manager.</p> <p>Planning process approved by Council. Evidence to be provided of public participation and communication of the process to stakeholders e.g. publicity of information in</p>





	SDBIP approved on 31 May 2010		the media, guidelines for councillors and staff, etc. Evidence to be provided that the strategic planning process is aligned to the budgetary process. Development of Ward level IDP Compiling of SDBIP
3. To empower and build the capacity of entrepreneurs so that they are able to understand and have an impact on the economic development and growth of this Municipality.	Data has been obtained of all LED projects and the need of each project has been identified. Training of SMME's entrepreneurs was undertaken by department of labour ,LIBSA and Tompi Seleka. Approval has been given by LED Limpopo from EU funds and GSDM amounting to R4.2m to operationalise LED strategy, to compile a competitive action plan for horticulture cluster ,capacity building of LED and Logistic Hub study which include capacity building of entrepreneurs.	Cluster working groups for Tourism, Horticulture, Red Meat and Informal economy has been formed to implement LED strategy.	Empowerment of farmers through Emerging farmers development programme
4. Facilitate and foster the economic development through planning and increased economic activity in the municipal area.	Tourism development and marketing plan has been completed. Stall was booked for the Marble Hall festival which took place on 1 August 2009 to display products from 2 LED projects . Local service providers are used for LED projects i.e. Beads project.Kodomela egg production,Pilot slash project and local caterers. LIBSA are consulted for advise on a constant basis. Following jobs were created: Woman – 107 Youth – 77 Men – 156 The total spent on projects – R84.2m.	DLGH identified Marble Hall as one of the 10 nodal provincial growth points to assist with master plan and Town Planner.	Tourism development and Marketing plan. Marble Hall festival. Schuinsdraai tourism development.



<p>5. To facilitate the implementation of ISRDP projects and the development of Nodal points within the municipality</p>	<p>Logistic Hub study was completed on 6 May 2010.</p> <p>List of projects funded by GSDM has been obtained and included in the IDP review for 2009/10. Provincial and municipal growth points have been identified in SDF .</p>	<p>Several meetings was held with the Department to assist with the process.</p> <p>DLGH identified Marble Hall as one of the 10 nodal provincial growth points to assist with master plan and Town Planner. Several meetings was held with the Department to assist with the process.</p>	<p>LED through procurement of services.</p> <p>Facilitation and coordination of the effective use of the Economic Support Offices</p> <p>Job creation through capital projects</p> <p>Feasibility study Agro processing.</p> <p>Feasibility study Dairy production.</p>



## COMMUNITY SERVICES DEPARTMENT

**Function:** Health  
**Sub Function:** Clinics

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of primary health services		
Description of the Activity:	<p>The function for the provision of community health clinics within the municipality is administered as follows and includes:</p> <p><i>Primary health care services were transferred to the Provincial Health department</i></p>	1	

**Function:** Community and Social Services  
**Sub Function:** All inclusive

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of community and social services		
Description of the Activity:	<p>To monitor sub-divisions of traffic and protection services as well as environment ,health and library</p> <p><i>Ensure that traffic and protection services as well as environment library and parks are attended to. Monthly reports are submitted to manager and regular meetings are held to check progress in relation to the work reported.</i></p> <p>Such activities include sports, arts and culture as well as HIV/AIDS coordination.</p> <p>The strategic objectives of this function are to:</p> <p><i>Minimise spread of HIV/AIDS</i></p>		



	#NAME?		
Reporting Level	Detail	Total	
Analysis of the Function:  1	<i>As indicated in the respective departments.</i>		
	Interact with divisional managers in formal meetings to check the effectiveness of the functions.		
Key Performance Area	Lead , direct and manage staff within the department so that they are able to meet their objectives.	Current	Target
	Develop and implement an employment equity plan for the department that is line with council's employment equity strategy.		
	Oversee training plans of staff so that each staff members within the department has a training plan.		
	Monitor and control the departmental budget.		
	<p>Prepare and submit reports to Municipal manager</p> <p>Prepare and submit reports to politicians in the relevant portfolio committee.</p> <p>To promote safe clean sustainable and well managed environment in line with IDP.</p> <p>Ensure development of bi-laws &amp; prosecution of offenders.</p> <p>Achieve key strategic goals in relations to welfare cases.</p> <p>Archieve key strategic goals in terms of heath.</p> <p>To promote safe and secure environment.</p>		
	<p>Lead and direct the department so that environment services management objectives are achieved.</p> <p>Manage and regulate traffic enforce by laws and educate the the public so that safety on the road is improved.</p> <p>Take overall responsibility for the management of the department so that all council policies and procedures are adhered to. This includes policies relating to procurement, finance, treasury regulations.</p> <p>Oversee management of licensing section and testing stations so that efficient and effective license services and testing of vehicles takes place.</p> <p>Oversee the application of the Disaster management Act within the municipality so that disaster preparedness is ensured and effected.</p> <p>To promote development of sports, arts, culture and recreation.</p> <p>To promote and ensure the effective and efficient use of human resource to enhance service delivery.</p> <p>To provide an effective and efficient transport system.</p>		



**Function:** Community and Social Services  
**Sub Function:** All inclusive

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of community and social services		
Description of the Activity:	<p>The function of provision of various community and social services within the municipality is administered as follows and includes:</p> <p><b><i>Parks and Cemeteries, Library services, Environmental Health and Management</i></b></p> <p><b>These services extend to include Marble Hall and former R 293 towns , but do not take account of smaller rural towns which resides within the jurisdiction of the Ephraim Mogale Local Municipality . The municipality has a mandate to:</b></p> <p><b><i>provide these services to all the residents</i></b></p> <p>The strategic objectives of this function are to:</p> <p><b><i>To enhance the quality of the life of residents</i></b></p> <p>The key issues for <b>2009/10</b> are:</p> <p><b><i>To finalize the upgrading of the Marble Hall Library</i></b></p> <p><b><i>To maintain current parks and cemeteries</i></b></p> <p><b><i>To extend and fence identified cemeteries</i></b></p> <p><b><i>To maintain sport facilities</i></b></p>		
Analysis of the Function:	<p>&lt;Provide statistical information on (as a minimum):&gt;</p> <p>1 Nature and extent of facilities provided:</p> <ul style="list-style-type: none"> <li>- Library services</li> <li>- Museums and art galleries</li> <li>- Other community halls/facilities</li> <li>- Cemeteries and crematoriums</li> <li>- Child care (including crèches etc)</li> <li>- Aged care (including aged homes, home help)</li> <li>- Schools</li> <li>- Sporting facilities (specify)</li> </ul>	<p><i>no of facilities:</i></p> <p><b>1</b></p> <p>&lt;number&gt;</p> <p>&lt;number&gt;</p> <p><b>55</b></p> <p>&lt;number&gt;</p> <p><b>1</b></p> <p>&lt;number&gt;</p> <p><b>2</b></p>	<p><i>no of users:</i></p> <p><b>1578</b></p> <p><b>registered</b></p> <p>&lt;number&gt;</p> <p>&lt;number&gt;</p> <p><b>174 500</b></p> <p>&lt;number&gt;</p> <p><b>108 residents</b></p> <p>&lt;number&gt;</p> <p><b>17 000</b></p>



	- Parks	<b>11 parks 14.5 m<sup>2</sup></b>	<b>3480</b>
	Note: the facilities figure should agree with the assets register		
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>	
2	Number and cost to employer of all personnel associated with each community services function:		<i>R(000s)</i>
	- Library services	<b>2</b>	<b>413 900</b>
	- Museums and art galleries	<total>	<cost>
	- Other community halls/facilities	<total>	<cost>
	- Cemeteries and crematoriums	<total>	<cost>
	- Child care	<total>	<cost>
	- Aged care	<total>	<cost>
	- Schools	<total>	<cost>
	- Sporting facilities	<total>	<cost>
	- Parks	<b>24</b>	<b>2 225 228</b>
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
	Total operating cost of community and social services function		<i>R (000s)</i>

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<b>Fencing of cemeteries</b>	<b>Not done due to internal challenges</b>	<b>1</b>	<b>0</b>
<b>Purchase equipment to maintain Parks</b>	<b>Did purchase equipment as per budget</b>	<b>R 37 500</b>	<b>R37 500</b>



**Function:** Waste Management  
**Sub Function:** Solid Waste

Reporting Level	Detail	Total	
Overview:	Includes refuse removal, solid waste disposal and landfill, street cleaning and recycling		
Description of the Activity:	<p>The refuse collection functions of the municipality are administered as follows and include:</p> <p><i>The collection of household, business, industrial and garden waste in Marble Hall and Leeufontein . Street cleaning services in Marble Hall. Disposal on a permitted landfill in Marble Hall.</i></p> <p>These services extend to include <i>Marble Hall and Leeufontein</i> but do not take of other towns in rural areas which resides within the jurisdiction of the <i>Ephraim Mogale local Municipality</i>. The municipality has a mandate to:</p> <p><i>Provide waste removal services in the whole area of jurisdiction</i></p> <p>The strategic objectives of this function are to:</p> <p><i>To extend services to all residents in order to provide a clean and safe environment as per the Constitution and to maintain the existing services in a sustainable manner</i></p> <p>The key issues for <b>2009/10</b> are:</p> <p><i>Proper planning for the effective and sustainable service to all residents</i></p> <p><i>Purchase of new refuse collection vehicles</i></p> <p><i>Development of an operational plan for the Efficient waste collection at residential and business sites.</i></p>		
Analysis of the Function:	<p>&lt;Provide statistical information on (as a minimum):&gt;</p> <p>1 Number and cost to employer of all personnel associated with refuse removal:</p> <ul style="list-style-type: none"> <li>- Professional (Engineers/Consultants)</li> <li>- Field (Supervisors/Foremen)</li> <li>- Office (Clerical/Administration)</li> <li>- Non-professional (blue collar, outside workforce)</li> <li>- Temporary</li> <li>- Permanent</li> </ul> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>		<p>R (000s)</p> <p>0</p> <p><b>1</b></p> <p>0</p> <p>0</p> <p><b>0</b></p> <p><b>24</b></p> <p><b>25</b></p> <p><i>Incl below</i></p> <p><i>Incl below</i></p> <p><i>Incl below</i></p> <p><b>R2 225 228</b></p>



			R (000s)
Reporting Level	Detail	Total	
	<ul style="list-style-type: none"> <li>- Removed by municipality at least once a week</li> <li>- Removed by municipality less often</li> <li>- Communal refuse dump used</li> <li>- Own refuse dump</li> <li>- No rubbish collection</li> </ul> Note: if other intervals of services are available, please provide details	2650 0 0 0 29670	90.00/20.00 0 0
3	Total and projected tonnage of all refuse disposed: - Domestic/Commercial /Garden - Note: provide total tonnage for current and future years activity	274	
4	Total number, capacity and life expectancy of refuse disposal sites: - Domestic/Commercial (number) - Garden (number) Note: provide the number of tip sites, their total current capacity and the expected lifespan as at end of reporting period	1 1	10 years 10 years>
5	Anticipated expansion of refuse removal service: - Domestic/Commercial - Garden Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality	450 120	R (000s) 9900.00 Incl above
6	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household) Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	n/a n/a	
7	Total operating cost of solid waste management function		R 3 194 307
Extension of services	Proper review of services delivered to Elandskraal, challenge of non payment – services were stopped later in 2008	0	0
Management plans	Implementation of plans - challenge of adequate funding to do so		
Replace old fleet	Not funded in Budget – Budgetary constrains		





**Function:** Community and Social Services

**Sub Function:** Sports, Arts & culture

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of community and social services		
Description of the Activity:	<p>The function of provision of various community and social services within the municipality is administered as follows and includes:</p> <p>&lt;List administration of each function here: this should detail what is offered, and how it is offered to the community&gt;</p> <p>These services extend to include &lt;function/area&gt;, but do not take account of &lt;function/area&gt; which resides within the jurisdiction of &lt;national/provincial/other private sector&gt; government. The municipality has a mandate to:</p> <p>&lt;List here&gt;</p> <p>The strategic objectives of this function are to:</p> <p>&lt;List here&gt;</p> <p>The key issues for 200X/OY are:</p> <p>&lt;List here&gt;</p>		
Analysis of the Function:	<p>&lt;Provide statistical information on (as a minimum):&gt;</p> <p>1 Nature and extent of facilities provided:</p> <ul style="list-style-type: none"> <li>- Library services</li> <li>- Museums and art galleries</li> <li>- Other community halls/facilities</li> <li>- Cemeteries and crematoriums</li> <li>- Child care (including creches etc)</li> <li>- Aged care (including aged homes, home help)</li> <li>- Schools</li> <li>- Sporting facilities (specify)</li> <li>- Parks</li> </ul> <p>Note: the facilities figure should agree with the assets register</p>	<p>no of facilities:</p> <p>&lt;number&gt;</p> <p>&lt;number&gt;</p> <p>6</p> <p>&lt;number&gt;</p> <p>&lt;number&gt;</p> <p>&lt;number&gt;</p> <p>&lt;number&gt;</p> <p>2</p> <p>&lt;sq km&gt;</p>	<p>no of users:</p> <p>&lt;number&gt;</p> <p>&lt;number&gt;</p> <p>36849</p> <p>&lt;number&gt;</p> <p>&lt;number&gt;</p> <p>&lt;number&gt;</p> <p>17 000</p> <p>&lt;number&gt;</p>



Reporting Level	Detail	Total	
2	Number and cost to employer of all personnel associated with each community services function:		R(000s)
	- Library services	<total>	<cost>
	- Museums and art galleries	<total>	<cost>
	- Other community halls/facilities	<total>	<cost>
	- Cemeteries and crematoriums	<total>	<cost>
	- Child care	<total>	<cost>
	- Aged care	<total>	<cost>
	- Schools	<total>	<cost>
	- Sporting facilities	2	R 204.00
	- Parks	<total>	<cost>
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
6	Total operating cost of community and social services function		R (000s)

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
3. Community participation	Planned to promote participation in all categories in the entire Municipality	35%	100%



**Function:** Public Safety  
**Sub Function:** Police (Traffic)

Reporting Level	Detail	Total	
Overview:	Includes police force and traffic (and parking) control		
Description of the Activity:	<p>The policing and traffic control functions of the municipality are administered as follows and include:</p> <p>&lt;List administration of each function here: this should detail what is offered, and how it is offered to the community&gt;</p> <ul style="list-style-type: none"> <li>• Traffic law enforcement (which includes EMS) <ul style="list-style-type: none"> <li>- This unit monitors all road infringements and responds to accidents, scholar patrol, escorts as well as visible patrolling.</li> <li>- The service is offered through traffic check points to ensure road worthiness of vehicles and compliance to the rules and regulations of the road as well road patrols.</li> </ul> </li> <li>• Law admin which deals with vehicles registering and licensing and driving license testing. <ul style="list-style-type: none"> <li>- This comprises of two functions and also serves as an urgent for the provincial dept of roads and transport.</li> <li>- this unit ensures that vehicles within the municipal jurisdiction are registered and licensed properly</li> </ul> </li> </ul> <p>assist community members to access the applications for learners licenses and driving licenses as well as roadworthiness of vehicles</p> <p>These services extend to include &lt;function/area&gt;, but do not take account of &lt;function/area&gt; which resides within the jurisdiction of &lt;national/provincial/other private sector&gt; government. The municipality has a mandate to:</p> <p>&lt;the unit comprises of two sub divisions&gt;</p> <ul style="list-style-type: none"> <li>• Traffic law enforcement (which includes EMS)</li> </ul> <p>Law admin which deals with vehicles registering and licensing and driving license testing.</p> <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> <li>• To promote road safety.</li> </ul> <p>Ensure compliance to the rules and regulations of the road</p> <p>The key issues for 2009/10 are:</p> <p>&lt;List here&gt;</p>		
Analysis of the Function:	<p>&lt;Provide statistical information on (as a minimum):&gt;</p> <p>1 Number and cost to employer of all personnel associated with policing and traffic control:</p> <ul style="list-style-type: none"> <li>- Professional (Senior Management)</li> <li>- Field (Detectives/Supervisors)</li> <li>- Office (Clerical/Administration)</li> </ul>		<p>R (000s)</p> <p>1 443 446.24</p> <p>1 176 904</p> <p>none &lt;cost&gt;</p>



	<ul style="list-style-type: none"> <li>- Non-professional (visible police officers on the street)</li> <li>- Volunteer</li> <li>- Temporary</li> <li>- Contract</li> </ul> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Office includes desk bound police and traffic officers, non-professional includes aides</p>	<div>6</div> <div>3 BLS Medic's and Fireman's</div> <div>none Justice of peace(pty)ltd</div>	<div>107 508 salary only per officer</div> <div>164 748 199 164</div> <div>&lt;cost&gt; 15%of excluded warrant of arrest</div>
--	--	--	--



Reporting Level	Detail	Total	
2	Total number of call-outs attended: - Emergency call-outs - Standard call-outs Note: provide total number registered, based on call classification at municipality	172	
		150	
		22	
3	Average response time to call-outs: - Emergency call-outs - Standard call-outs Note: provide average by dividing total response time by number of call-outs	15 to 20min	
		150	
		22	
4	Total number of targeted violations eg: traffic offences:	1324	R 917 350.00
		T/O Command, No D/L, No Prdp, Reckless Driving, No U-Turn, No Stopping, Speed (normal), Un L/R mv, L/L no supervision, Reg Plates, Head Lamps, Stop Lamps, Tail Lamps, Indicators, Hooter, Tyre's, Fuelcap, Seatbelt's,	
		Warning Triangle's, Pass overload, Goods overload, Road rules, Fire Extinguisher, Cellphones, Stop Sign's, Barrierlines, Parking Brakes, No Entry, Engine	



		running, Directional Arrows, Battery/Electr, Mirror's, Parkings and other's	
5	Total number and type of emergencies leading to a loss of life or disaster:	152 Calls 150 -MVA, 2- fatalities, 2- drownings	
6	Type and number of grants and subsidies received: <list each grant or subsidy separately>	none	R (000s) <value>
	Note: total value of specific public safety grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
7	Total operating cost of police and traffic function		R (000s)

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<List at least five key performance areas relative to the above function as articulated in the 200X/0Y budget here>	< List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.		



## TECHNICAL SERVICES

**Function:** Waste Water Management  
**Sub Function:** Sewerage etc

Reporting Level	Detail	Total	Cost																												
Overview:	Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities																														
Description of the Activity:	<p>The sewerage functions of the municipality are administered as follows and include:</p> <p><i>Operartion and maintenance of existing sewerage services and Provision of VIP toilets</i></p> <p>These services extend to include areas within the jurisdiction of Municipality. The municipality has a mandate to:</p> <p><i>To provide basic sanitation to the community</i></p> <p>The strategic objectives of this function are to:</p> <p><i>To provide an adequate and appropriate sewer systems for urban part as well as appropriate measures for the rural part</i></p> <p>The key issues for 2009/10 are:</p> <p><i>Operartion and maintenance of existing sewerage services</i></p>																														
Analysis of the Function:	<p>Number of households with sewerage services, and type and cost of service:</p> <table> <tr> <td>1</td><td>- Flush toilet (connected to sewerage system)</td><td>1178</td><td>3,800</td></tr> <tr> <td></td><td>- Flush toilet (with septic tank)</td><td>N/A</td><td>N/A</td></tr> <tr> <td></td><td>- Chemical toilet</td><td>N/A</td><td>N/A</td></tr> <tr> <td></td><td>- Pit latrine with ventilation</td><td>N/A</td><td>N/A</td></tr> <tr> <td></td><td>- Pit latrine without ventilation</td><td>N/A</td><td>N/A</td></tr> <tr> <td></td><td>- Bucket latrine</td><td>N/A</td><td>N/A</td></tr> <tr> <td></td><td>- No toilet provision</td><td></td><td></td></tr> </table> <p>Note: if other types of services are available, please provide details</p>	1	- Flush toilet (connected to sewerage system)	1178	3,800		- Flush toilet (with septic tank)	N/A	N/A		- Chemical toilet	N/A	N/A		- Pit latrine with ventilation	N/A	N/A		- Pit latrine without ventilation	N/A	N/A		- Bucket latrine	N/A	N/A		- No toilet provision				R (000s)
1	- Flush toilet (connected to sewerage system)	1178	3,800																												
	- Flush toilet (with septic tank)	N/A	N/A																												
	- Chemical toilet	N/A	N/A																												
	- Pit latrine with ventilation	N/A	N/A																												
	- Pit latrine without ventilation	N/A	N/A																												
	- Bucket latrine	N/A	N/A																												
	- No toilet provision																														
2	Anticipated expansion of sewerage:		R (000s)																												



	<ul style="list-style-type: none"> <li>- Flush/chemical toilet</li> <li>- Pit latrine</li> </ul>		
	<ul style="list-style-type: none"> <li>- Bucket latrine</li> <li>- No toilet provision</li> </ul> <p>Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality</p>	N/A	N/A
	<p>Free Basic Service Provision:</p> <ul style="list-style-type: none"> <li>- Quantity (number of households affected)</li> <li>- Quantum (value to each household)</li> </ul>	N/A	N/A
3	<b>Detail</b>	<b>Total</b>	<b>Cost</b>
	<p>Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.</p>	N/A	N/A
	Total operating cost of sewerage function		R (000s)
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Current</b>	<b>Target</b>
Maintain existing infrastructure	Maintain existing infrastructure	100%	





<b>Function:</b>	<b>Housing</b>
<b>Sub Function:</b>	<b>N/A</b>

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with provision of housing		
Description of the Activity:	<p>The function of provision of housing within the municipality is administered as follows and includes:</p> <p><i>Approval of building plans, Facilitate plan and development of housing need, Construction and monitoring of housing projects</i></p> <p>These services extend to include the areas within the jurisdiction of GMHM. The municipality has a mandate to:</p> <p><i>To provide low cost and affordable housing to the community</i></p> <p>The strategic objective of this function is :</p> <p><i>To ensure that the housing needs of people in municipal area are met</i></p> <p>The key issues for 2009/10 are:</p> <p><i>Approval of building plans, Facilitate plan and development of housing need, Construction and monitoring of housing projects</i></p>		
Analysis of the Function:	Type of habitat breakdown:		
	- number of people living in a traditional dwelling	4600	
	1 - number of people living in a flat in a block of flats	137	
	- number of people living in a town/cluster/semi-detached group dwelling	64	
	- number of people living in an informal dwelling or shack	352	
	- number of people living in a room/flat	578	
	Detail	Total	
	Type and number of grants and subsidies received:		R (000s)
	<i>People H housing Projects(PHP)</i>	0	0
2	Total operating cost of housing function		0
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target



Approval of building Plans	Building plans were approved on weekly basis	100%	
-------------------------------	--	------	--



<b>Function: Road Transport</b> <b>Sub Function: Roads</b>			
Reporting Level	Detail	Total	Cost
Overview:	Construction and maintenance of roads within the municipality's jurisdiction		
Description of the Activity:	<p>The road maintenance and construction responsibilities of the municipality are administered as follows and include:</p> <p><i>Operation and Maintenance, Construction and Monitoring of infrastructure, grading of gravel roads,</i></p> <p>These services extend to include the areas within the jurisdiction of GMHM. The municipality has a mandate to:</p> <p><i>Provide safe and appropriate road and storm water networks in the municipal area</i></p> <p>The strategic objectives of this function are to:</p> <p><i>To promote mobility by upgrading existing access roads and improve storm water drainage</i></p> <p>The key issues for 2008/09 are:</p> <p><i>Operation and Maintenance, Construction and Monitoring of infrastructure, grading of gravel roads, Upgrading of access and internal roads</i></p>		
Analysis of the Function:	Total number, kilometers and total value of road projects planned and current:		<i>R (000s)</i>
	1 - New bituminised (number)	8.6	16,000
	- Existing re-tarred (number)	2.4	6,000
	- New gravel (number)	0	0
	- Existing re-sheeted (number)	0	0
	Note: if other types of road projects, please provide details		
2	Total kilometers and maintenance cost associated with existing roads provided		<i>R (000s)</i>
	- Tar	50	1,500
	- Gravel	150	1,000
	Note: if other types of road provided, please provide details		
	Average frequency and cost of re-tarring, re-sheeting roads		<i>R (000s)</i>
	- Tar		
	- Gravel		
	Note: based on maintenance records		
	Estimated backlog in number of roads, showing kilometers and capital cost		<i>R (000s)</i>



3	- Tar - Gravel	0 451	0 900,000
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>	<b>Cost</b>
4	Note: total number should appear in IDP, and cost in future budgeted road construction program.		
	Type and number of grants and subsidies received: <list each grant or subsidy separately>	N/A	R (000s) N/A
	Note: total value of specific road grants actually received during year to be recorded over the five quarters - Apr to Jun this year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
5	Total operating cost of road construction and maintenance function		R (000s)
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Current</b>	<b>Target</b>
Maintain existing infrastructure	Maintain existing infrastructure	60%	
Manapyane Access Road	100% Complete	100%	
Mamphokgo Access Road	100% complete	100%	



Function:	Water
Sub Function:	Water Distribution

Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of water		
Description of the Activity:	<p>The water purchase and distribution functions of the municipality are administered as follows and include:</p> <p><i>Operation and maintenance of existing water services , Provision of water by water trucks and House connections</i></p> <p>These services extend to include the areas within the jurisdiction of GMHM. The municipality has a mandate to:</p> <p><i>To provide potable water to the municipal area</i></p> <p>The strategic objectives of this function are to:</p> <p><i>To provide potable water to the municipal area</i></p> <p>The key issues for 2009/10 are:</p> <p><i>Operation and maintenance of existing water services , Provision of water by water trucks and House connections</i></p>		
<p>1</p> <p>Number and cost to employer of all personnel associated with the water distribution function:</p> <ul style="list-style-type: none"> <li>- Field (Supervisors/Foremen)</li> <li>- Non-professional (blue collar, outside workforce)</li> <li>- Temporary</li> <li>- Contract</li> </ul> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.</p>	<p>&lt;Provide statistical information on (as a minimum):&gt;</p>	<p>2</p> <p>28</p> <p>0</p> <p>0</p>	<p>R (000s)</p> <p>273</p> <p>2,986</p> <p>0</p> <p>0</p>
2	<p>Percentage of total water usage per month</p> <p>Note: this will therefore highlight percentage of total water stock used per month</p>		
3	<p>Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer</p> <p><i>Domestic</i></p>	0	R (000s)
4	<p>Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:</p> <p><i>Domestic</i></p>	0	R (000s)
5	<p>Total year-to-date water losses in kilolitres and rand</p> <p>&lt;detail total&gt;</p>	0	R (000s)



Reporting Level	Detail	Total	Cost
6	Number of households with water service, and type and cost of service: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring - Rain-water tank Note: if other types of services are available, please provide details	965 965 N/A N/A N/A N/A N/A	R (000s) <cost> <cost> N/A N/A N/A N/A N/A
7	Number and cost of new connections: <detail total>	520	R (000s) 980
8	Number and cost of disconnections and reconnections: <detail total>	189	R (000s) 0
9	Number and total value of water projects planned and current: - Current (financial year after year reported on) - Planned (future years) Note: provide total project and project value as per initial or revised budget		R (000s) N/A
10	Anticipated expansion of water service: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring - Rain-water tank Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		N/A
11	Estimated backlog in number (and cost to provide) water connection: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring		N/A



	- Rain-water tank Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
Reporting Level	Detail	Total	Cost
12	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household) Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	N/A	
13	Type and number of grants and subsidies received: <list each grant or subsidy separately> Note: total value of specific water grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	N/A	
14	Total operating cost of water distribution function		R (000s)
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Maintain existing infrastructure	Maintain existing infrastructure	100%	



**Function:** Electricity  
**Sub Function:** Street Lighting

Reporting Level	Detail	Total	Cost
Overview:	Includes all activities associated with the provision of street & public lighting to the community		
Description of the Activity:	<p>Street lighting responsibilities of the municipality are administered as follows and include:</p> <p><i>The responsibility for street lighting falls within the functions of the Electr-technical Division of the Municipality.</i></p> <p><b>Maintenance</b> - The Municipality do all maintenance-no outsourcing</p> <p><b>New installations</b> - Departmental and Contractors</p> <p><b>Expansion of networks</b> - Departmental</p> <p><i>The municipality offer street lighting and public lighting to the public:</i></p> <p><i>For public lighting different type of masts have been utilized from 15meter scissor masts to 40meter high masts.</i></p> <p><i>For streetlighting the traditional steel pole setup have been used as well as post top mid block systems and steel outreaches on wooden poles.</i></p> <p><i>The municipality currently provides lighting in three formal towns and eleven villages.</i></p> <p><i>Another village will hopefully be added soon.</i></p> <p>These services extend to include the whole municipal area. The municipality has a mandate to:</p> <p>Maintain the existing structures.</p> <p>Expand the service to all villages within its area.</p> <p>The strategic objectives of this function are to:</p> <p><i>Properly maintain the equipment and structures that exist.</i></p> <p><i>Expand the service to all villages within its area.</i></p> <p><i>To improve the level of service in areas that already has the service.</i></p> <p>The key issues for 2009/10 are:</p> <p><i>Properly maintain the equipment and structures that exist.</i></p> <p><i>Extension of streetlights road P51-3 (N11)</i></p> <p><i>Connection of 3 masts at Moeding</i></p> <p><i>Convince SCM to stock material in Municipal store</i></p> <p><i>Convince SCM to purchase material for maintenance and expansion.</i></p>		





Analysis of the Function:	<Provide statistical information on (as a minimum):->		
1	Number and total operating cost of streetlights servicing population:		R (000s)
	Public Lights - masts	52	
	Streetlights	1016	107
	Note: total streetlights should be available from municipal inventory(Data from Electrical Div and should be confirmed by Finance - excluding vehicles and salaries and vat)		
2	Total bulk kilowatt hours consumed for street lighting:		
	Municipal supply	598640	100
	Villages supplied by ESKOM	975302	390
	Note: total number of kilowatt hours consumed by all street lighting for year(calculated on fitting number & type at 333.3h/month – Finance should have accurate data)	1573942	490

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<List at least five key performance areas relative to the above function as articulated in the budget here> Maintain existing infrastructure Expand services to other villages: Public lights in Tsimanyane North Public lights in Moeding Public lights in Rathoke -phase 2 Streetlights road	< List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.    Mast installed & supply point installed - connections and COC's outstanding  Mast installed but ESKOM have no capacity now only after Jan 2010  Supplier to be appointed in the 09/10FY Purchased some material and to be installed in 09/10 FY	    100%  95%  80%  0%  10%	    100%  100%  100%  100%  100%



P51-3(N11)			



**Function:** Electricity  
**Sub Function:** Electricity Distribution

Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of electricity in the license area of the Municipality		
Description of the Activity:	<p>The electricity purchase and distribution functions of the municipality are administered as follows and include:</p> <p><b>&lt;List administration of each function here: this should detail what is offered, and how it is offered to the community&gt;</b></p> <p><b>Bulk purchase:</b>  <i>The Municipality only purchase electricity from ESKOM and have no generation capacity</i></p> <p><b>Distribution:</b>  <i>Construction of new connections and extensions</i>  <i>Replacement of equipment and upgrading of capacity.</i>  <i>Metering of consumption of all customers</i>  <i>Determine tariffs and tariff types to suit customer needs &amp; categories</i>  <i>Ensure quality of supply</i>  <i>Investigate all complaints and respond to requests</i></p> <p>These services extend to include only the town of Marble Hall but extends to the whole Municipal area where it comes to planning of electrification and investigation of complaints and request  This includes the implementation of FBE in the whole area.  The distribution of electricity for the rest of the Municipal area is being handled by ESKOM as the service provider.</p> <p>The municipality has a mandate to:  Provide every household with electricity  Ensure access to free basic electricity  Ensure dependable quality supply to customers</p> <p><b>&lt;List here&gt;</b></p> <p>The strategic objectives of this function are to: Properly and cost effectively maintains the electrical networks.  Strengthen and expand network where necessary. Connect new customers. Accurate measurement of consumption.  Verification of all ESKOM accounts and applications for new connections (municipal).</p> <p><b>&lt;List here&gt;</b></p> <p>The key issues for 2009/2010 are:</p>		



Transformer maintenance – oil testing and purification – repair leaks (include PCB testing)	50	380
Replace 10 meter rusted meter kiosks with new 3CR12 powder coated kiosks	10	70
Replace meters at key customers ( maximum demand and consumption above 15000kWh/month)	10	40
Substation maintenance – testing and repair of circuit breakers in three 11kV substations (every 3 years)	3	250
Completion of 11kV bulk electricity supply ring feed for extension 6 phases 1 and 3	1	400

Reporting Level	Detail	Total	Cost
	Bulk electrical supply for the Golf Estate Development-overhead line supply.	1	0
	Purchase small TLB for excavation work	1	500
	Strengthening of low voltage network in Ext 2	1	200
	Increase capacity in Industrial area by installing a 800kVA minisubstation (SCM failed to procure the 800kVA mini substation last year).	1	500
	Complete all new ESKOM supply points – new Taxi ranks		
	Ensure completion of ESKOM electrification projects-according to project list	20	ESKOM
	Start data base on farm worker houses	1	NA
Analysis of the Function:	<Provide statistical information on (as a minimum):->		
1	Number and cost to employer of all personnel associated with the electricity distribution function:		R (000s)
	- Professional (Engineers/Consultants)	1	498
	- Field (Supervisors/Foremen)	3	653
	- Office (Clerical/Administration)	0	0
	- Non-professional (blue collar, outside workforce)	5	458
	- Temporary	0	0
	- Contract	0	0
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.		
2	Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by category of consumer		R (000s)
	Bulk ESKOM supply - Megaflex(confirm with finance)	33059852	11349
3	Total quantity and receipts for bulk electricity sales in kilowatt hours and rand, by category of consumer:		R (000s)
	- Household- excluding basic charges	Finance	Finance
	- Commercial - excluding basic charges	Finance	
	- Industrial - excluding basic charges	Finance	



Reporting Level	Detail	Total	Cost
	<ul style="list-style-type: none"> <li>- Mining - excluding basic charges</li> <li>- Agriculture - excluding basic charges</li> <li>- Streetlights - excluding basic charges</li> <li>- Municipal - excluding basic charges</li> <li>- Other - excluding basic charges</li> </ul>	0 Finance Finance Finance Finance	0 Finance Finance Finance Finance
4	Total year-to-date electricity losses in kilowatt hours and rand		R (000s)
	10.67%	3544611	1057
5	Number of households with electricity access, and type and cost of service:		R (000s)
	- Electrified areas		
	- Municipal	775	<cost>
	- Eskom (20 to 60 Amp pre-pay)	30677	ESKOM
	- Alternate energy source		
	- Gas	0	<cost>
	- Paraffin	0	<cost>
	- Solar	0	<cost>
	- Wood	0	<cost>
	- Non electrified	1600	<cost>
	Note: if other types of services are available, please provide details		
6	Number and cost of new connections:		R (000s)
	<detail total>	<volume>	<cost>
7	Number and cost of disconnections and reconnections		R (000s)
	<detail total>	<volume>	<cost>
8	Number and total value of electrification projects planned and current:		R (000s)
	- ESKOM Current (financial year after year reported on) Morarela	449	1350
	- ESKOM Planned (future years)	450	3150
	Note: provide total project and project value as per initial or revised budget		
9	Anticipated expansion of electricity service:		R (000s)
	<detail total>	20	10
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
10	Estimated backlog in number (and cost to provide) electrical connection:		R (000s)
	<detail total>	1600	12000

Reporting Level	Detail	Total	Cost
-----------------	--------	-------	------



	Note: total number should appear in IDP, and cost in future budgeted capital housing programs		
11	Free Basic Service Provision: - Quantity (number of households affected) ( <b>actual more than 6000</b> ) - Quantum (value to each household) Note: Each household receives 50kWh electricity per month. This is provided through the service provider ESKOM. Beneficiaries must apply and must be approved by the Municipality. We have failed to register any new customers since 2005. We received about 6000 applications but could not process them because of missing pole numbers.	1490 50kWh/Month	484 0.36 excl
12	Type and number of grants and subsidies received: <list each grant or subsidy separately>	<total>	R (000s) <value>
	Note: total value of specific electricity grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	Finance	
13	Total operating cost of electricity distribution function		R (000s)

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<List at least five key performance areas relative to the above function as articulated in the budget here>	< List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.		
Completion 11kV supply ring feed to Ext 6 ph1 & 2	SCM could not source material and no labour	20%	100%
Increase capacity in Ind Area	SCM could not source material and no labour	0%	100%
Electrical reticulation for Ext 6, phase 3- Developer starts in March2009	Completed	100%	100%
Bulk 11kV electrical supply for Golf Estate- Developer starts Feb 09.	Underground cable complete but O/H Line at 50%- ESKOM line in the way	70%	100%
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target



Electrical reticulation of Golf Estate- Developer starts Feb 09	Whole project was behind schedule but on track now	90%	100%
Strengthening of LV network in Ext2-SCM cannot source material	No labour,NO tlb,no funding	0%	100%
Transformer oil purification & main-SCM cannot source Service Provider	SCM could not source service provider	0%	100%
Electrification of Driefontein Ext(Non performance- Consultant/Contractor)	Completed	100%	100%
Correct all ESKOM accounts-ongoing process	Dependent on ESKOM with financial impact - ESKOM cooperation poor	85%	100%
Replace meter kiosks- Labour & material shortage- kiosks delivered	Labour & material shortage- kiosks delivered but stores empty	100%	100%



## CORPORATE SERVICES

Function:

**CORPORATE SERVICES annual report 2008/2009**

<b>Function:</b>	<b>Corporate Services: Ensure prudent administration of the Municipality with regard to human and capital assets.</b>		
<b>Sub Functions:</b>	<b>Human Resources, Legal and Administration, Council Support Information and Communication Services</b>		
<b>Reporting Level</b>	<b>Detail</b>		
<b>Introduction</b>	<p>This report covers the activities of the Corporate Services Business Unit for the period ranging 1<sup>st</sup> July 2008 to 30<sup>th</sup> June 2009.</p> <p style="text-align: center;">The Corporate Services Department comprises the following Sub Directorates:                      Legal and Administration Services                      Human Resources Service                      Council Support And                      Information and Technology Division</p>		
<b>Overview</b>	<p>The strategic and operational activities as duly performed by the Executive Committee and the Municipal Council rely heavily on the prudent and organized nature of the overall administration.</p> <p>Such a demanding responsibility requires a cadre of committed and highly skilled personnel whose allegiance to better service and adherence to Batho Pele Principles remain beyond reproach.</p> <p>Furthermore, prudent and clearly defined business principles remain key and central to the optimal maximization of organizational excellence.</p> <p>The employees training needs and deficiencies, Employee Assistance Programmes, individual performance, career pathing and multi skilling are all impediments that as a prerequisite require highly trained, skilled, committed and knowledgeable human resource personnel.</p> <p>The premise that an unhappy workforce shall not deliver becomes clearly demonstrated in this regard.</p> <p>It is for this reason that an emphasis on the improvement of administration functions and human resources remain pivotal and core to the Municipality's business.                      Same applies to human rand public relations when dealing with organized labour.</p> <p>The stepping up of all necessary systems and processes with intent to provide a well defined global business standards and principles, remain aspirant in the Corporate Services Directorate's long term strategic objective.</p>		





	<p>The Department has a mandate to:</p> <ul style="list-style-type: none"> <li>✓ <i>Give administrative support to all departments</i></li> <li>✓ <i>Render legal services within the municipality</i></li> <li>✓ <i>Improve administrative systems</i></li> <li>✓ <i>Provide staff and human resource development</i></li> <li>✓ <i>Develop administrative policy documents</i></li> <li>✓ <i>Develop by-laws in conjunction with other user departments, with due regard to national and provincial legislation</i></li> <li>✓ <i>Promote public participation in the activities of the Municipality</i></li> <li>✓ <i>Keep municipal records</i></li> <li>✓ <i>Provide secretarial services to Council Committees</i></li> <li>✓ <i>To regulate communication within and outside the municipality</i></li> </ul>		
	<p>The strategic objectives of this Department are to:</p> <ul style="list-style-type: none"> <li>❖ <i>Complete Human Resource restructuring and ensure staff morale at all times i.e. State-of-the-art employee satisfaction through skills training, career pathing and overall satisfactory job performance</i></li> <li>❖ <i>Draft and maintain a coherent institutional plan for the municipality with issues related to short term and long term strategic planning for the municipality's corporate outlook</i></li> <li>❖ <i>Development of by-laws and policy formulation as well as document generation in respect of the municipality with intent to enhance efficiency, effectiveness and prudent administration at all times</i></li> <li>❖ <i>Putting mechanisms in place and orderly in order to address HIV/AIDS and its effects in the workplace as in line with all applicable labour laws, with the Country's Constitution as <b>el supremo</b></i></li> <li>❖ <i>Updating and maintenance of electronic equipment and software of the Municipality as and whenever necessary</i></li> <li>❖ <i>Enhancement of participation of recognized trade unions in municipal human resource issues i.e. labour relations, skills development and employee wellness programmes</i></li> <li>❖ <i>Statutory compliance</i></li> </ul> <p>The key issues for 2009/2010 were:</p> <ul style="list-style-type: none"> <li>❖ <i>Development of policies and bylaws</i></li> <li>❖ <i>Provide a clear delegation of powers to political office bearers and heads of Departments</i></li> <li>❖ <i>Transform and change the Municipal logo as well as the name</i></li> <li>❖ <i>Conduct consultative meetings with communities</i></li> <li>❖ <i>Provide clear and sound human resource capital</i></li> <li>❖ <i>Ensure efficient and effective information communication technology</i></li> <li>❖ <i>Ensure compliance with legislation at all levels</i></li> <li>❖ <i>Provide Council support</i></li> </ul>		
	<p>Challenges encountered:</p> <p>Gradual emergence of gross administrative interference by other user Departments, either by error, omission or commission</p> <p>Unstructured appointment of officials without due HR and/or technological interface of documentation, resulting in information failure</p>		



	<p>on capturing and filing Disregard and sheer ignorance of appointment procedures as duly instructed by labour and human resource statutes.</p> <p>Incongruent training programmes that are not in tandem with individual employees' needs.</p> <p>Lack of coherent and intertwined HR filing systems amidst the presence of the VIP HR software programme which is virtually empty as regards information on: Capturing of employees skills, disability status, qualifications, experience and a range of other programmers that the system accommodates.</p> <p>Inadequate/Unavailability of personnel information in the incumbents' personnel files, including Councilors' files.</p> <p>Such a setback has dismally affected the budget projections on training, leading to the training of wrong personnel on the programmes/training needs that they did not apply for.</p> <p>Undue interference in the placement programme, resulting in wrong personnel being deployed in the incumbency they are not legible in All the said impediments had a highly significant negative impact towards service delivery across the board, and shall increasingly continue to do so unless the situation is remedied through strict adherence to systems and processes by the entire personnel.</p>		
Analysis of the Function:	<p>As per mandate given to the Corporate Services Department in respect of the pronounced period, the following is hereby reported:</p> <p><b>1.HUMAN RESOURCE ISSUES AND ADMINISTRATIVE ACTIVITIES</b></p> <p><b>1 Introduction</b></p> <p>The personnel section consists of three employees, Ms S.Mamahlodi and Mr L.Madisha headed by Mr M.A. Mahlangu.</p> <p><b>2 Transfer of Government Employees Pension Fund Contributions to Municipal Employees Pension Fund</b></p> <p>The pension contributions of the staff members who were transferred from different Departments to the then Transitional Local councils which preceded and amalgamated to form Ephraim Mogale local municipality have been transferred to Municipal Employees Pension Fund members-funds. Other contributions which are due to Municipal Gratuity Fund, SAMWU Provident Fund, and other Funds are still being worked out for transfers by Government Employees Pension Fund into individual contributors' pension funds.</p> <p><b>3 Retired, Resigned and passed away (deceased) officials</b></p> <p>The following officials resigned</p> <p>The <b>Project Manager PMU</b> resigned through the resignation process with effect from the <b>28/02/2010</b> <b>Ms IC Letwaba</b>  <b>SJ Mogovhoro a grader operator 31/08/2009</b>  <b>KD Modungwa a divisional Manager Civil Services 31/08/2009</b>  <b>MP Mphahlele Traffic 25/09/2009</b></p>		



The following officials retired:

The driver at Zamekomst retired on the 31/03/2010 **Mr. WB Maseko**

**31/05/2010 GJ Mnguni from Moganyaka**

**30/06/2010 ST Mmola from Moganyaka**

**30/06/2010 LJ Lekalakala from Elandskraal Office**

**30/06/2010 MT Ramahube from Sewarage**

**30/04/2010 NJ Mahlanga a driver at administration**

**30/04/2010 DH Magoro a labourer at waterworks**

**31/08/2009 MJ Mokobi**

**31/08/2009 MK Mahlangu**

**31/10/2009 MA Thobejane**

**30/10/2009 ME Mathibela**

#### **Passed away (Deceased) officials**

Name	Date passed on	Position
AN Phokoane	22/07/2009	Manager Corporate

Relevant documents regarding the abovementioned matter were completed and forwarded to the respective Pension/Gratuity/Provident Fund for further processing.

#### **4 Advertisements**

A number of positions were advertised in the national newspapers on various dates and the following candidates have been recruited in that process in terms of recruitment policy as approved by the Council:

Recruited four interns in finance through the recruitment process

CL Baker Divisional Manager Traffic & Protection 01/08/2009

TM Mathabatha Director Finance 05/10/2009

OJ Moganedi Secretary to Community Services 09/11/2009

HS Boshielo HV & AIDS Coordinator

09/11/2009

MM Kekana Sports Officer 17/08/2009

8 Labourers in the Community Services

TJ Ramatselela Div Manager Civil Services

#### **5. Challenges**



The following are some of the challenges experienced by the Corporate Services department, mainly due to budgetary constraints:

1. Lack of adequate office Space,
2. Old computer-hardware,
3. Old fleet which often render this municipality unable to meet its service-delivery mandate,
4. Employment Equity barriers being identified in accordance with the provisions of Employment Equity Act 55 of 1998.

## 2. COUNCIL SUPPORT

### 2.1. Committees

The following statutory structures exist within the Municipality and are operational:

- Municipal Council
- Executive Committee
- Tender Committee
- Ward Committee
- Portfolio Committees
  - Corporate Services
  - Finance
  - Community Services
  - Technical and Planning
  - Rules and Ethics
  - Local Labour Forum

The Municipal Council, Executive Committee and Portfolio Committees have been meeting as per scheduled programmes except under some extra ordinary circumstances.

The Council sits only once per quarter and Special Council meetings are called when there are urgent matters that need Council decision.

#### Council

Ordinary	Special	Ordinary	Special	Ordinary	Special	Ordinary	Special
23/09/2009	11/08/2009 31/08/2009	26/11/2009	N/A	24/03/2010	29/01/2010 11/02/2010 31/03/2010	24/06/2010	31/05/2010
1	2	1		1	3	1	1



**EXCO**

Ordinary	Special	Ordinary	Special	Ordinary	Special	Ordinary	Special
N/A	27/07/2009 11/08/2009 31/09/2009 27/08/2009 4	08/10/2009 1	23/11/2009 1	N/A	25/01/2010 11/02/2010 31/03/2010 3	17/05/2010 1	31/05/2010 1

**CORPORATE SERVICES PORTFOLIO**

Ordinary	Special	Ordinary	Special	Ordinary	Special	Ordinary	Special
08/09/2009 1	N/A	17/11/2009 1	N/A	08/03/2010 1	N/A	09/04/2010 17/05/2010 09/04/2010 3	N/A

**COMMUNITY SERVICES PORTFOLIO**

Ordinary	Special	Ordinary	Special	Ordinary	Special	Ordinary	Special
N/A	13/07/2009 1	09/11/2009 1	N/A	09/02/2010 1	N/A	N/A	08/04/2010 1

**FINANCIAL SERVICES/STRATEGIC PLANNING PORTFOLIO**

Ordinary	Special	Ordinary	Special	Ordinary	Special	Ordinary	Special
N/A	20/07/2009 1	09/11/2009 1	N/A	N/A	25/01/2010 11/02/2010 02/02/2010 30/03/2010 4	N/A	27/05/2010 19/07/2010 2

**TECHNICAL SERVICES PORTFOLIO**

Ordinary	Special	Ordinary	Special	Ordinary	Special	Ordinary	Special
N/A	20/07/2009 1	06/11/2009 1	N/A	N/A	N/A	N/A	N/A

**LOCAL LABOUR FORUM**

Ordinary	Special	Ordinary	Special	Ordinary	Special	Ordinary	Special
18/08/2009	N/A	N/A	N/A	18/03/2010	N/A	07/04/2010 07/04/2010	N/A
1				1		2	

### Rules and Ethics Committee

The rules and Ethics Committee has a responsibility to ensure that Council functions properly and that Councillors adhere to the code of conduct.

#### 1 Councillor Details

Total number of Councillors 27

Male 15 Female 12

Number of Councillors on Executive Committee 05

Male 03 Female 02

#### 2 Ward Details

Total number of wards 14

Number of ward meeting Average 6

140 ward committee members

### Policies/By Laws/Tariffs

The following tariffs were revised and approved and became implementable with effect from the 1<sup>st</sup> July 2010.

- Electricity Tariffs.
- Solid Waste Tariffs.
- Water and Sewer Tariff.
- Sundry Tariffs.
- Property Rates Tariff.

The following policies were revised and approved and became implementable with effect from the 1<sup>st</sup> July 2010.

- Indigent Policy.
- Tariff Policy.
- Credit Control and Debt Collection Policy.
- Property Rates Policy.
- Supply Chain Management Policy.
- Overtime Policy.
- Traveling and Subsistence Allowances Policy.
- Recruitment, Selection and Appointment Policy.



	<ul style="list-style-type: none"><li>Cell phone Policy.</li><li>Organogram.</li></ul>						
1	Councilors details: Total number of Councilors	27 <table><tr><td>M</td><td>F</td></tr><tr><td>15</td><td>12</td></tr></table>	M	F	15	12	
	M	F					
15	12						
Number of Councilors on Executive Committee	05 <table><tr><td>M</td><td>F</td></tr><tr><td>3</td><td>2</td></tr></table>	M	F	3	2		
M	F						
3	2						
2	Wards details: Total number of Wards Number of Ward Meetings	14 Average 6. 140 ward committees members. <table><tr><td>M</td><td>F</td></tr><tr><td>64</td><td>76</td></tr></table> 32 are within age range 35. 19 are above age range 50. None is disabled.	M	F	64	76	
M	F						
64	76						
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target				
Bylaws	❖ Waste Management By-Law – sent to Local Government & Housing	80	100				
Public Participation	❖ Council conducted IDP hearings	95	100				
Establishment of Section 79 Committees	❖ Rules and Ethics Committee established but still needs revamp and activation ❖ The Municipality is making use of the District Audit Committee but not actively functional	90	100				



## IX. PERFORMANCE INFORMATION 2009/10 IN COMPARISON OF 2008/09, MEASURES TO IMPROVE PERFORMANCE & PERFORMANCE OF SERVICE PROVIDERS

### MUNICIPAL MANAGER

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
	1. Strategically manage the use of Council resources so that an economic, effective and efficient service is delivered.	End of June 2010	Implementation of Urban renewal plan. Implementation of Revenue Enhancement strategy. Implementation of Supply chain management Policy. Capital Program developed and approved. 100% of capital budget to be spent. Progress against plan to be provided. Functioning of the Performance Audit Committee.	The action plan to promote the horticulture cluster has been compiled and the cluster committee has been established. Operationalizing of the LED Strategy is completed and the four cluster committees, namely Tourism, Horticulture, Red meat and Informal economy has been established. Logistic Hub study has been completed on 6 May 2010 and item to be submitted to council during July 2010 to appoint implementing entity. Tender for the appointment of a debt collection agency was awarded. -Cics is currently doing a data cleansing project with the property valuer for the purpose of correcting consumer data for proper billing The SCM Manager has been appointed and all three bid committees established as well as the SCM Policy.	The action plan to promote the horticulture cluster has been compiled and the cluster committee has been established. Operationalizing of the LED Strategy is completed and the four cluster committees, namely Tourism, Horticulture, Red meat and Informal economy has been established. Logistic Hub study has progressed to phase 4. The SCM Manager has been appointed and all three bid committees established as well as the SCM Policy. 10% spent on capital budget. Advert placed for Audit committee members but council resolved that it be re-advertised. Will be advertised in August 09	





Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
				97% spent on capital budget. Appointment of Audit committee members was approved by Council on 26 November 2009 and met on 25 March 2010 .		
	2. Ensure the provision of efficient and effective service delivery to the community so that the requirements in the IDP are met in relation to public safety, health, water, waste and electricity, roads , community services and local economic development, communications and planning.	End of June 2010	Integrated Development Plan (IDP) submitted and approved by Council. Comprehensive Public Participation in IDP Process to be substantiated. Evidence to be provided that IDP is integrated with organisational Performance Management System. Five year strategic plan and Council's vision for long term development submitted and approved by Council	IDP approved on 31 May 2010 and submitted to DLGH and Prov/Nas Treasury on 10 June 2010. PMS integrated with SDBIP and IDP. Strategic planning workshop held with councilors on 11 -12 February 2010 and strategies and vision form part of IDP approved by Council on 31 May 10.	IDP review for 2009/10 approved by Council on 29 May 09. PMS integrated with SDBIP and IDP. Strategic planning workshop held with councilors on 25-26 June 09 and strategies and vision form part of IDP approved by Council on 29 May 09.	Ward 1,2 ,3 & 6 did not discuss priorities for 2009/10 as they want o/s issues to be resolved first.
	3. Maintain overall responsibility as chief accounting officer for all income and expenditure of the Municipality, all assets and the discharge of all liabilities, and proper compliance with prevailing legislation Act.	End of June 2010	Budget is aligned to priorities of IDP. Budget approved prior beginning of financial year. Budget submitted in the reformed format required by Treasury and Auditor General.	Budget approved on 31 May 10 in terms MFMA and is aligned to priorities in the IDP. Budget submitted to Provincial and National treasury as well as Auditor General on 10 June 2010	Budget approved on 29 May 09 is aligned to priorities in the IDP. Budget approved in terms of MFMA	



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status on review	Performance status 30/6/09	Measures to improve performance & performance of service providers
	4. Lead, direct and manage senior staff so that they are able to meet their objectives.	End of June 2010	Every direct report has a performance agreement and performance plan which is linked to the IDP and have managed it. Formal performance feedback sessions held with direct reports every six (6) months. (Proof) Monthly meetings with HOD's were held (Minutes).	Performance agreements and plan compiled and linked to IDP Performance feedback sessions held with unit managers in October 09 and February 2010. Monthly meetings held with H.O.D's. Performance evaluation committee established and received training. Service provider appointed by GSDM to review PMS framework and completed on 6 June 2010	Performance agreements and plan compiled and linked to IDP Performance feedback sessions held with unit managers in October 08. Monthly meetings held with H.O.D's	
	5. Ensure good governance within the Municipality so that transparency, public accountability, access to information, administrative justice and responsiveness to complaints are dealt with in terms of the relevant legislation.	End of June 2010	Develop an action plan to address audit opinions as per Annual Auditor General Audit Report. Submission of progress reports to Council quarterly	Audit opinion has been received and action plan compiled. Monthly reports are submitted to council	Action plans will be compiled as soon as audit opinion is received. Monthly reports are submitted to council	
Approval of anti-corruption and Risk Management Plan and Policy	To combat and curb corruption and fraud	The approval of the plan and policy to be done by 31 August 2009	Anti-corruption and Risk management plan and policy in place	Policies approved on 23 November 2009	The draft risk management plan policy submitted to Council for approval. Risk assessment already been conducted still to be submitted to Council	



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status on review	Performance status 30/6/09	Measures to improve performance & performance of service providers
Internal Audit Unit	Audit unit compliance with the MFMA	Audit plan finalised by 30 September 2009.	Audit plan and charter in place Internal audit report	Audit plan and charter compiled and Risk assessment report for 2009/10 completed and submitted to Audit committee on 25 March 2010.	Internal Auditor appointed with effect from August 2008	



## TECHNICAL SERVICES

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
Provision of Water and Sanitation	To provide water and sanitation services as per SLA	30 June 2010	% of HH with access to potable water and sanitation facilities	%. SLA was signed in the August 2009. A task team has been established, different committees are busy finalising the action plan for transferring of water functions to the District.	Provided water at Marble Hall, Leeufontein and Zamenkomst without SLA	None
	To sustain good condition of water and sewer networks	30 June 2010	% of water and sewer network	50%.SLA was signed in the August 2009. The maintenance proceeding smoothly	0% Complete. To be determined by the SLA	Lack of equipment and material
Roads and stormwater	To improve the condition of existing municipal gravel roads	30 June 2010	No. of km of existing roads graded in rural areas	10km of roads graded	Ongoing	For the better part of this year no much maintenance was carried on due to lack of equipment , material,tools, Safety. All the graders had brake down and bomag are still not in a working order
	To improve the condition of existing municipal tarred roads	30 June 2010	No. of square meters of potholes patched in urban areas	120 square meters of potholes patched		
	To improve the condition of existing storm water drainage system	30 June 2010	No. of km of drainage storm water pipes cleaned	6km of storm water pipes cleaned		
	To improve the condition existing road markings	30 June 2010	No. of km of existing tarred road marked and road signs installed	12km of tarred road marked		



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
Housing	To provide HH with formal residential housing (RDP)	30 June 2010	No. of HH provide with RDP houses	80% complete	80% complete	
	To improve condition of municipal building facilities	30 June 2010	% of municipal building maintained	10% of municipal building facilities maintained	100% complete	Adjustment budget allocate more funds
	To ensure compliance with Nation Building Regulation	30 June 2010	% of building plans approved within 5 working days	All building plans approved on time	All building plans approved on time	
Town Planning	To ensure compliance with Town Planning Scheme regulations	30 June 2010	100% of submitted applications approved	80%In the process of approving the submitted applications	80%In the process of approving the submitted applications	
Electricity	To supply effective and sufficient repair & maintenance to the areas with public lighting	30 June 2010	% of public lighting maintained in municipal areas	100% of public lighting maintained	100% of public lighting maintained	SCM failure on purchasing and stock in stores. ESKOM poor service. Poor quality fittings installed by contractors.
	To provide sufficient performance on repair, maintenance and new electrical customer connections- <b>Conventional</b>	30 June 2010	% of Connections repaired and electrical services installed	100% of connections maintained repaired and installed. Customers advised to purchase material to avoid SCM delays and complications.		Because of SCM problems we advised customers to purchase material directly.
	To provide sufficient performance on repair, maintenance and new electrical customer connections - <b>Prepaid</b>	30 June 2010	% of Connections repaired and electrical services installed	100% of connections maintained repaired and installed. Bulk meters not replaced due to lack of funding. Losses more than 11% which is abnormal.		Delivery times Customer Availability



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
	To prolong life of equipment and increase safety & reliability according to NERSA license conditions	30 June 2010	% of Transformers maintained	0% of transformers maintained. Oil test was done. PCB test was done. Budget removed.		SCM failure Finance failure
	To supply effective and sufficient electricity to the residents of Marble Hall town	30 June 2010	No. of km on electrical network maintained in Marble Hall	50% of electrical network maintained. Cables faults not repaired. Batteries in substation not replaced. Damaged power factor unit not repaired. Voltage problems in Ext 2. Phase 5 of ring feed supply to Ext 6 not done. Budget removed.		SCM failure Finance failure Service provider No labour No equipment – TLB
	To manage and control utilization of Municipal vehicle fleet	30 June 2010	% of municipal vehicles installed with tracking device	0% of process completed	0% of process completed	Management decided on 20 vehicles. Spec was circulated and submitted but SCM failed. Estimate was R108 000 but Corporate recommended reduced budget based on incorrect insurance type of tracking. SAMWU against control of labour.



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
Manapyane Access Road Phase II	To improve the conditions of roads at Manapyane	31 March 09	Complete and functional 2.2km paved road	100% Complete	25% Complete	Contractor cash flow problems
Mamphokgo Access Road Phase II	To improve the conditions of roads at Mamphokgo	31 March 09	Complete and functional 2.5km paved road	100% Complete	100% Complete	
Matlerekeng-Rathoke Road	To improve the conditions of roads at Matlerekeng and Rathoke	31 March 10	Complete and functional road	99% complete	Feasibility Studies	Delay in appointment of the Contractor
Zamenkomst MPCC Phase 2	To provide community hall in Zamenlomst area	31 March 09	Complete and functional 750squaremeter building	100% Complete	50% complete	Cash flow problems and Moutse dermacation strikes delayed the progress on site
Leeufontein Community Hall Refurbishment	To refurbish the vandalized community hall in Leeufontein area	30 September 09	Complete and functional renovated hall	100% Complete	80% complete	
Elandskraal Taxi Rank	To provide Taxi Rank in Elandskraal area	31 March 09	Complete and functional taxi rank	100% Complete	80% complete	
Leeufontein Taxi Rank	To provide Taxi Rank in Leeufontein area	31 March 10	Complete and functional taxi rank	95%	Tender stage	Contractor cash flow problem



## STRATEGIC PLANNING

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>1. Marketing and Investment strategy</b>	1.To entice investors to Marble Hall and Industrial investors retention	End March 2010	To increase the number of investors in the municipality by 10% by 2015	T.O.R compiled	Strategy compiled in Operationalising of LED strategy report. Tourism, Horticulture, Meat and Informal economy clusters formed on 20 November 08.Clusters will meet as soon as Chairpersons confirm acceptance of their nominations	1.Moratoruim on the sale of industrial land are not lifted yet by Council. 2.Draft policy on the sale of council land has been compiled. 3.Not sufficient funds to appoint service provider to compile the strategy.
<b>2. Annual IDP Review</b>	2.To ensure that all priority projects in the IDP are implemented for each financial year (for which funds have been allocated)	End May 2010	Assessment of level of progress in the implementation of projects. % of budget spent on implementation of IDP project	1.97% of Council budget spent on implementation of IDP projects. 2.IDP approved on 31 May 2010 and submitted to DLGH, Provincial and National Treasury on 10 June 2010	90% of Council budget spent on implementation of IDP projects.IDP for 2009/10 approved by Council on 29 May 09	
<b>3. PMS</b>	3.To implement the PMS framework	End June 2010	To implement the PMS by 1 July 2010	1.Performance plan for municipality as well as agreements and plans for section 57 Managers compiled. 2.Plan aligned to IDP 3.Audit committee members appointed by Council on 26 November 09. 4.PMS evaluation panel established and received training. 5.Service provider appointed by GSDM to review PMS framework and it was completed on 6 June 2010.	Performance plan for municipality approved with IDP review 2008/9 on 29 May 08	





Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>4. Eco tourism Flag Boshielo Schuinsdraai nature reserve development</b>	4.Develop a unique eco-tourism destination	End June 2010	To increase the number of tourists that visit the municipality by 10% by 2011	1.Bakone development forum appointed a consultant to compile a business plan to re-develop the project expropriated by DWAF on 22 July 2004. 2.The developer who are developing Bosveld Paradys were interested to develop a tourism project on the community land next to the dam but consultation with the Traditional authority failed. 3.The service provider appointed by DEAT are building 10 chalets at Schuinsdraai and is roof height.Currently 60 persons are employed . Project Advisory committee established and several meetings held.	Tourism strategy compiled. Investment and marketing strategy to be implemented in 2009/10 to cover this project	
<b>5.Horticulture cluster</b>	5.To improve the competitiveness of horticulture cluster by implementing the action plan	End June 2010	To accelerate economic growth to 10% per year by 2015	Cluster committee has been established	Action plan completed. Working group established. Action plans to be implemented in2009/10 subject to availability of funding	Implementation of action plans is subject to funds being obtained
<b>6.Red meat cluster</b>	6.To improve the competitiveness of red meat cluster by implementing the action plan	End June 2010	To accelerate economic growth to 10% per year by 2015	Cluster committee has been established	Operationalising of the LED strategy completed.Meat working group established.	Implementation of action plans is subject to funds being obtained



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>7.Tourism cluster</b>	7.Promote economic growth in the tourism industry by implementing the action plans	End June 2010	To accelerate economic growth to 10% per year by 2015	Cluster committee has been established	Operationalising of the LED strategy completed.Tourism working group established.R1.1 allocated by THETA to train 35 learners in tourism business.Training completed end July 09.	Implementation of action plans is subject to funds being obtained
<b>8.Informal economic cluster</b>	8.Promote economic growth in the informal industry by implementing the action plans	End June 2010	To accelerate economic growth to 10% per year by 2015	Cluster committee has been established	Operationalising of the LED strategy completed.Informal economy working group established	Implementation of action plans is subject to funds being obtained
<b>9.Logistic Hub</b>	9.Compile a feasibility study and business model for Logistic Hub	End June 10	To accelerate economic growth to 10% per year by 2015	Study completed on 6 May 2010 and item will be sent during July 2010 to council to appoint implementing entity.	Third phase completed. Fourth phase drafted .	Service provider compiled study in accordance with business plan
<b>10. Coordinate effective use of the local business support center</b>	12.Accessing information, advice and assistance regarding LED related matters	Ongoing	Improved access to information and assistance regarding LED matters to 15% of the aspiring entrepreneurs	Monthly meetings are being held with LIBSA to get update on their activities. Comprehensive report is included in Strategic Planning department quarterly reports.	Meetings held with LIBSA on a regular basis to assist with business plans for proposed businesses	
<b>11. Fundraising</b>	13.Increase available funds by 10% for implementation of projects	End June 2010	Increase available funds by 10% for implementation of projects	Financial plan for 2009/10 reflects confirmed funds allocated amounting to R97 012 520 including capital of R23.7m of EPMLM.	Financial plan for 2008/9 reflects confirmed funds allocated amounting to R323.7m including capital of R23.7m of GMHM. R1.1m allocated from THETA for training in tourism business	



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>12. Job creation through capital projects</b>	14.Promote job creation through capital projects	End May 2010	Increase the number of jobs created through capital projects from municipal budget	Contractors are appointed in terms of supply chain policy and jobs created are reported monthly by MTS. Labour intensive project started during September 09 at Schuinsdraai funded by DEAT – 60 temporary jobs created.	Contractors are appointed in liaison with MTS and jobs created are reported monthly by MTS	
<b>14.Coordination of the drafting of sector plans</b>	15.Each sector plans accordingly by developing a sector plan to deal with issues relevant to the particular department	End May 2010	Development of sector plans	Following policies approved: 1.Recruitment,selection and appointment 2.Bursary for members of community 3.Municipal Housing 4.Acting allowance for municipal officials Following bylaws approved by council on 16 November 2009: 1.Electricity 2.Meeting and Processions. 3.Advertisement and bill board. 4.Hiring of community halls and buildings	Transport plan not developed as no budget provided. Financial plan has been developed and is part of 2008/9 IDP. HIV/AIDS strategy are being developed by CMRA. List of Bylaws to be reviewed and developed handed to DPLGH Limpopo for assistance.	Bylaws will be advertised for public comment.
<b>15. Urban renewal strategy</b>	17 Promote economic growth by strengthening the first economy to boost the second economy	End May 2010	1.Reduce unemployment by half, from the current 58% to 29% by 2015 2. Accelerate economic growth from the current estimated 2.5% per year to 10% by 2015.	The action plan to promote the horticulture cluster has been compiled. Operationalizing of the LED Strategy is completed and 4 working groups were formed on 20 November 08 to take the process forward. Logistic Hub study completed on 6 May 2010 and item will be sent	The action plan to promote the horticulture cluster has been compiled. Operationalizing of the LED Strategy is completed and 4 working groups were formed on 20 November 08 to take the process forward. Logistic Hub study has progressed to phase 4 draft	Implementation of action plans is subject to funds being obtained



				during July 2010 to council to appoint implementing entity.		
--	--	--	--	---	--	--

### CORPORATE SERVICES – ADMIN AND LEGAL SERVICES

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>1. Development of By- Laws and Policies</b>	To provide the framework for the transformation of the Municipality	June 2010	The approval of the By-Laws by the Council and the subsequent public participation process.	The following by-laws (& policies) were approved by the council for public participation: - Advertising Sign and Bill Board. - Alienation of land policy. - Allocation of Municipal housing Policy. - Protective Clothing Policy. - Meeting and procession.	Comments were received from unit Manager and Divisional Managers on the following: -Advertising Sign and Bill Board. -Alienation of land policy. - Allocation of Municipal housing Policy. - Protective Clothing Policy. - Meeting and procession.	N/A
<b>2.Contract Management</b>	To provide a system that will ensure efficiency in dealing with contracts	June 2010	Updated contracts	The agreement with Business Engineering was finalized. Collaborator system was upgraded and the contract register has been compiled.	The agreement with Business Engineering was finalized. Collaborator system was upgraded and the contract register has been compiled.	N/A
<b>3.Record Keeping</b>	To provide a system that ensure efficiency in handling Municipal records	June 2010	Completed appointments and training.	An additional person was placed in the Records section, and manual record-keeping is being changed to electronical one	An additional person was placed in the section, and he is being shown on how things are done.	
<b>4.Legal Services</b>	To provide adequate legal services for the Municipality, to avoid litigation against the Municipality and to ensure that agreements entered into meet the legal requirements.	June 2010	Proper handling of legal matters of the Municipality.	Process of appointment of service-providers for various legal-fields is at final procurement stage.	The position of Legal Officer was not filled.	N/A



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>5.Acquisition of Furniture</b>	To provide furniture and equipment to all needy municipal offices	June 2010	Delivery of furniture and equipment to various needy departments that have submitted requests.	<ul style="list-style-type: none"> <li>- Cleaning equipment requests submitted to S.C.M. for procurement purposes</li> <li>- Requested laptops are being procured for Finance officials,</li> <li>- Steel cabinets are being procured for cleaners.</li> </ul>	The furniture was delivered.	
<b>6. Fleet Management</b>	To provide a system that will ensure efficient handling of fleet management	June 2010	<ul style="list-style-type: none"> <li>- Transport Policy approval by the Council.</li> <li>-Centralization of Fleet in one department.</li> </ul>	<ul style="list-style-type: none"> <li>- The function is in the Technical Services department.</li> <li>- Centralization of fleet in one department is being considered.</li> </ul>	The function is in Technical services	N/A

### CORPORATE SERVICES – HUMAN RESOURCES

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>1. Job evaluation</b>	Evaluation of all jobs and assessment through work skills to ensure compliance with TASK job evaluation system.	June 2010	Approval of the job evaluation by the National Moderation Committee and compliance with the TASK job evaluation system and Labour Relations Act.	<ul style="list-style-type: none"> <li>- GSDM establishes a District J.E. Committee, &amp; is to chair the committee,</li> <li>- GSDM took some officials for TASK J.E.training,</li> <li>- Arrangement is made for training of local municipalities officials on TASK System,</li> </ul>	<ul style="list-style-type: none"> <li>-EE Manager appointed</li> <li>-EE Committee established</li> <li>-EE Report submitted</li> <li>-EE Plan for 2009/10 being developed.</li> </ul>	N/A
<b>2. Batho Pele</b>	Promote Customer Care Relations amongst Municipal employees	June 2010	Training of staff & holding of Batho Pele campaigns within the Municipality.	Cashiers & frontline officials attended to Accounting & Customer Care training respectively.	Frontline officials attended to Customer Care training	N/A



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>3.Occupational Health and Safety</b>	Ensure compliance with the Occupational Health and Safety Act	June 2010	Safe working environment .	<ul style="list-style-type: none"> <li>- OHS Representatives appointed,</li> <li>- Fire extinguishers are being refilled,</li> <li>- OHS Officer appointed/placed</li> <li>-OHS Committee established,</li> <li>-First Aid boxes Requisition is with S.C.M. for further processing,</li> <li>- Arrangement for First Aiders and OHS reps training is being made.</li> </ul>	<ul style="list-style-type: none"> <li>-OHS Officer appointed/placed</li> <li>-OHS Committee established</li> <li>-OHS Representatives are being identified for appointment</li> <li>-First Aid boxes Requisition is with S.C.M. for further processing</li> <li>-Requisition for Fire extinguishers is with S.C.M. for processing</li> </ul>	N/A
<b>4.Employment Equity</b>	Ensure compliance with Employment Equity Act.	June 2010	Compliance with the Act	<ul style="list-style-type: none"> <li>-EE Manager appointed</li> <li>-EE Committee established</li> <li>-EE Report submitted</li> <li>-EE Plan for 2009/10 being developed.</li> </ul>	<ul style="list-style-type: none"> <li>-EE Manager appointed</li> <li>-EE Committee established</li> <li>-EE Report submitted</li> <li>-EE Plan for 2009/10 being developed.</li> </ul>	N/A
<b>5.Skills Development</b>	Ensure compliance with Skills Development Act.	June 2010	Compliance with the Act	<ul style="list-style-type: none"> <li>-Workplace Skills Plan developed</li> <li>-Training of various categories of staff was implemented &amp; is ongoing.</li> </ul>	<ul style="list-style-type: none"> <li>-Workplace Skills Plan developed</li> <li>-Training of various categories of staff was implemented</li> <li>-Annual Training Report is being compiled.</li> </ul>	N/A
<b>6.Organizational Development</b>	Coordinate relevant training for Municipal employees.	June 2010	Improved workmanship and efficiency.	<ul style="list-style-type: none"> <li>- Computer training effected,</li> <li>- Attendance of CPMD Training,</li> <li>- Attendance of VIP Software system training.</li> </ul>	<ul style="list-style-type: none"> <li>-20 officials attended computer literacy course</li> <li>-6 officials attended CPMD Training</li> <li>-7 officials attended VIP Software system training</li> </ul>	N/A



## CORPORATE SERVICES – INFORMATION COMMUNICATION TECHNOLOGY

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>1. Upgrading of Computer software &amp; Programing</b>	<ul style="list-style-type: none"> <li>- Software information update through code of good practice on ICT legislation.</li> <li>- Ensure compatibility and compliance with latest trends in Computer software programming for efficiency and effectiveness</li> </ul>	June 2010	Reliable and convenient ICT programmes with less queries & challenges	Records & data were constantly updated -VIP Software System was upgraded	Records & data were constantly updated -VIP Software System was upgraded	N/A
<b>2.Integration of Municipal IT System with Government through Sita &amp; DLGH (IT Unit)</b>	To minimise costs and maximise production and to Seize ICT opportunities as provided by user-Departments and other State-propelled institutions.	June 2010	Reliable server with less number of queries and challenges	-Network infrastructure survey done, and DLG&H still pursues the matter.	-Network infrastructure survey done and DLG&H still pursues the matter	N/A



## CORPORATE SERVICES – COUNCIL SUPPORT

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>1. News letter and related publications</b>	Promote, market and inform constituencies about activities within the Municipality	September 2009	Publication of news letters.	Copies of Municipal newsletter for the quarter were published.	Copies of Municipal Newsletter for the quarter were published	N/A
<b>2. Council Support Services</b>	Coordinate Council activities in the Office of the Mayor and Office of the Speaker. Provision of Secretariat functions to Council and its committees.	June 2010	Provision of Secretariat to council & committees & number of Committees & Council meetings held.	Secretariat to Council & Committees provided.	Secretariat to Council & Committees provided	N/A
<b>3. Launching of Municipal Name and the logo as per section 12 notice.</b>	Ensure the reflection of the Municipal diversity.	June 2010	New name and Logo for the Municipality	Municipal name of Ephraim Mogale & logo were published in GG 1102 of 23/11/2007 & registered under GG 363 of 04/04/2008. Certificate to that effect was issued.	Municipal name of Ephraim Mogale & logo were published in GG 1102 of 23/11/2007 & registered under GG 363 of 04/04/2008. Entry is to be made in the Register & a certificate then be issued.	N/A





## COMMUNITY SERVICES

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>Solid waste</b>	To review the solid waste management system	June 2010	Reviewed solid waste management system	The system is in place; however the change in the procurement of 2 new vehicles will have an influence on the system. These additions needs to be integrated into the review document	Completed , available at landfill site	
	Purchase equipments for efficiency improvement at business and residential sites.	June 2010	3 Equipments purchased	The original budget of R 107 000 was changed to R 1 800 000 which will enable the Municipality to extend and improve service delivery	Equipment to the amount of R 89000 was bought as per plan	
<b>Cemeteries Management</b>	Maintenance of cemeteries and erection of fences	June 2010	100% Maintenance of cemeteries and erection of fences in line with the management plan	Maintenance is ongoing the amount of R 85 000 budgeted for fencing is not sufficient enough to fence on side of a cemetery and it was taken away during the budget adjustment in Jan 2010	Registers implemented and controlled In Marble Hall, Leeufontein, Elandskraal , Regaee	Budget not sufficient for fencing, the original request was for R300 000.Provided in adjustment budget
<b>Library Services</b>	Provide library services to the community	December 2009	Services provided for the library	Construction at extension of library about 80 %  The project is no nearly one year old?	Public Works started with the project In June 2009 Project cost R1.256.000	Delays in payments from Public works and contractor sessions.  Poor commitment from Provincial departments  HoD's informed no site meetings as from Jan 2010



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>Parks Management</b>	Buying of park equipments	December 2009	Bought maintenance equipments.	Specifications done Quotations re advert  In evaluation stage	Completed , equipment was purchased to the amount of R 63 000 and in use	Awaiting SCM processes to purchase
<b>Environmental Management</b>	Developmental issue complies with NEMA & council's integrated developmental plan.	June 2010	Compliance of council with NEMA and council's Integrated environmental plan	Ongoing process	No progress	No integration with council processes
<b>HIV/AIDS</b>	Provide programmes on HIV/AIDS prevention	June 2010	Minimized HIV/AIDS prevention by hosting campaigns	Proramme is being drawn and rekindling of LAC.	HIV co-ordinator not appointed	To appoint HIV coordinator
	Revive local aids council	June 2010	Well functioning local aids council.	In progress		
<b>Sports ground</b>	Maintenance of sports grounds	June 2010	Well maintained sports ground	Ongoing process		

## YOUTH, SPORT, ARTS AND CULTURE

Project	Key Objectives	Target Date	Key performance indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>Sports council</b>	To revive municipal sports council	June 2010	Well functioning of sport council	In progress		Diverted by unrest due to cross boundary issues.
<b>Sporting codes</b>	Establish and revive different sporting codes	June 2010	All sporting codes revitalized	In progress		



Project	Key Objectives	Target Date	Key performance indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>Sports council</b>	To revive sport council of our municipality	June 2010	Well functioning of sports council	In progress		

### YOUTH ADVISORY CENTRE

Project	Key Objectives	Target Date	Key performance indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>AWARENESS CAMPAIGN</b>	- Discriminate information to youth about business, career guidance, and job opportunities 14yrs to 35yrs as target.	Three years since from 20 November 2006 till November 2009.	Career guidance, Back to school campaign specifically for high schools from grade eight to grade twelve pupils. HIV/AIDS awareness campaign jointly with Dept Health and Social Development targeting the youth around Marble Hall Municipality. April 2008 Career Exhibition at Marble Laer school for grade eight to grade twelve learners to be aware of Health field of studies. June 2008 jointly with Dept Health and Social Development had an event of Drug and Alcohol abuse.	completed	complete	



Project	Key Objectives	Target Date	Key performance indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>YOUTH ECONOMIC EMPOWERMENT</b>	- Discriminate information to youth about business, career guidance, and job opportunities 14yrs to 35yrs as target.	Target of three years since November 2006 until November 2009.	In joint venture with LIBSA, SEDA, LIMDEV and LIMPOPO DEPT of TREASURY arranged a workshop at Municipal Chamber on how tendering process is all about and requirements needed. With SEDA, LIMDEV, LIBSA we had an SME event at Mamphokgo village main objective was to encourage youth to be entrepreneurs.	completed	completed	

### TRAFFIC, LAW ENFORCEMENT, LICENSING AND REGISTRATION

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>Road accidents</b>	To minimize road accidents	June 2010	Reduction of road fatalities in hot spot by 45%	Reduced by at least 5%		The target is not in line with the national dept. of transport strategic plan 2005 – 2009 of a 10% accident decrease per annum
<b>Scholar transport</b>	Keep the scholar transport safe	June 2010	100% of scholar transport buses to be road worthiness.	All buses including scholar transport are tested annually before renewing their licenses.		
<b>By-laws</b>	Minimize stock related accidents	June 2010	Developing of the by-laws	No animals are impounded		There is no by – law and an animal pound.



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>Safety</b>	To develop the management plan for safety	June 2010	Management plan to be developed	Not yet developed.		no clear terms of reference
<b>Traffic laws</b>	To ensure that traffic laws moves up to the relevant expectation.	June 2010	Trained traffic officers and local law enforcements about relevant laws	None		
<b>Warrants</b>	To process warrants from traffic offenders	June 2010	Service provider to execute warrants of arrest appointed	A service provider has been appointed.		
<b>Fines</b>	To collect funds from traffic offenders	June 2010	100% increase in payment of fines from warrants	+/-35%		some offenders are not traceable and some fines are cancelled and or withdrawn in court
<b>Alcohol breathalyzer</b>	Purchase alcohol breathalyzer & minimize alcohol related accidents.	March 2010	Alcohol breathalyzer purchased	Quotations have been acquired.		Awaiting the appointment of a supplier



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>Record</b>	Enhance record keeping in the traffic and protection services section	June 2010	Well kept record in the traffic department	90%		No sufficient space for filling.
<b>Licensing and Registration</b>	To ensure the delivery of licensing and registration services by the municipality. To Implement the best practice model in the registration authority.	30 June 09	One examiner appointed by 1 August 2008. Improved service delivery by segregation of duties to minimize corruption.	Implemented during June 2008		
<b>Funeral and VIP escorts</b>	Control motorists at funerals and VIP escorts; abnormal loaded vehicles	Ongoing	100% control of vehicles and VIP's & abnormal loaded vehicles.	100%		Escorts are done as and when requested.
<b>Court roll register</b>	To update court roll register.	June 2010	100% updated court roll register and sent to the local court for further action.	100%		none at this stage
<b>Registration and tracing of summons</b>	Effective administration in the law enforcement.	June 2010	40 % reduction of improper capturing of summonses before they are issued.	50%		Officers are still making mistakes on the summonses, continuous training is offered.
<b>Business Administration and Licensing</b>	To assist with the registration of businesses	June 2010	Registered businesses	Applications are being received and referred to council		No authority over issuing out business licences.



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>Hawkers</b>	To ensure an organized hawkers work environment	June 2010	An organized and problem free hawker in stalls.	By-law is being processed and has been tabled in the community services portfolio committee.		
<b>Disaster Management</b>	Response to disaster incidences	June 2010	100% response to disasters like fire, drowning etc.	100%		All reported disasters are attended to.
	To develop a SLA with Sekhukhune district municipality in respect of disasters	June 2010	Service level agreement be entered with ,with Sekhukhune District municipality	Not yet entered into		Arrange meeting with district to enter agreement
<b>Land transport</b>	Ensure that land transport act is properly implemented	June 2010	Minimised taxi / bus conflicts. Marble Hall taxi rank owned by the Municipality	Negotiations to take over management of Marble Hall Taxi Rank has started The owner of the rank is willing to hand it over to our Council on conditions that we are still persuading them		Consultation with owner



## FINANCIAL SERVICES

Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>1.Revenue enhancement</b>	To maximize the collection of revenue	30 June 2010	35% collection rate in areas where collection was not done before. Account issued to consumers of Zamenskomst Regae and Dichoeng	-outstanding debts were handed over to a debt collector and collection is at 70% monthly.	The debtors book increased over the past financial year by R4mil due to the none performance of the appointed debt collector. An amount of R8mil has been provided for write-off after reconciling the debtor's books for the portion against prescribed debt and debt which is uncollectable and a risk to Council.	No awareness of the MPRA was done in three areas hence no accounts can be issued
<b>2.Supply Chain Management</b>	Creation of efficient and effective Supply Chain Management unit.	Stock taking to be done on quarterly basis. Quarterly reports submitted to the Mayor Monthly report to the National Treasury Data base system purchased by 31 December 2009	Stock taking done regularly  Disposal of obsolete assets. Regular training of staff Reports to the Mayor  Reports submitted to National Treasury, Data base system purchased	-Quarterly stocktaking was done throughout the financial year. -SCM staff received training during the financial year on a monthly basis (Municipal Finance Programme) by UP. - Quarterly reports were submitted to treasury and the Accounting officer.	The SCM staff has been appointed with effect from July 2008. The training has also been attended, conducted by SAMDI. The DBSA also trained 5 staff members of this Council in SCM through the Siyenza manje program The quarterly reports have been submitted to Council for the period ended 30 June 2009.The Data Base System has not been purchased.	-Database system could not be purchased as the financial server reached full capacity and could not any more data.





Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>3.Compilation of supplementary valuation roll</b>	To compile a supplementary valuation roll in compliance with the MPRA	Supplementary valuation roll compiled by 30 June 2010	Supplementary valuation roll in place	-Supplementary valuation roll was compiled and handed over to the municipality in June 2010	A draft already been submitted to Council by the Council Valuer. The draft advert for the supplementary valuation roll submitted to Administration for advertising before implementation.	
<b>4. GAMAP/GRAP Conversion</b>	To compile the 2008/2009 financial statement according to Gamap/Grp format	Appointment of service provider by 31 July 2009. Asset register converted by 31 December 2009	Appoint service provider to assist with Financial Statement compiled in GAMAP/GRAP format and asset register converted to GAMAP/GRAP	-AFS were compiled by a service provider on the GRAP format -Asset register was converted to GRAP given the three year exemption on measurement.	The financial statements for 2007/2008 were not completed in the correct format due to the late request of finance to the respective National Treasury for exception. The Asset register has not been converted to the GAMAP/GRAP standards of moveable and immoveable asset: this process to be followed in the new financial year.	



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>5. Budget control and compilation</b>	<p>To comply with the budget reforms and circulars relating to budget process issued by the National Treasury</p> <p>To enable effective service delivery of municipal services and functions by ensuring financial stability of the Municipality throughout the financial year</p>	<p>Approval of timetable by Council by 31 August 2009</p> <p>Approval of budget by Council by 31 May 10</p> <p>Monthly SDBIP and in year reports by the 10th of each month</p> <p>Quarterly budget reviews 30 Sep 09, 31 December 09 &amp; 31 Mar 10</p> <p>Approval of adjustments budget by 28 Feb 10</p> <p>Community participation from 1 April 2010 to 30 April 2010</p>	<p>-Approved budget timetable</p> <p>-Accurate, credible and approved multi year budget</p> <p>-Monthly budget reports in accordance with legislation</p> <p>-Efficient management of approved budget and timeous identification of red lights</p> <p>-Operational plan in place</p> <p>-Optimise surplus funds through investments</p> <p>-Appointment of staff</p>	<p>-Budget for 2010/2011 was compiled and approved by Council on the 31<sup>st</sup> of May 2010.</p> <p>-Reports sent monthly to managers and red lights are highlighted in the report.</p> <p>-Adjustment budget was approved on the 11<sup>th</sup> February 2010.</p> <p>-Surplus funds were invested in a call account to attract interests during the financial year.</p> <p>-Appointed interns, Accountant Budget and reporting and still finalising appointment of Budget and Treasury Div.Manager</p>	<p>The timetable has been adopted resolution No.???</p> <p>The budget was approved by Council 31 May 2009.</p> <p>All section 71 reports submitted although not correctly formatted and balanced to the financial system.</p> <p>Adjustment budget approved by Council.</p> <p>Not all finance staff appointed.</p>	



Project	Key Objectives	Target Date	Key Performance Indicators	Performance status 30/6/10	Performance status 30/6/09	Measures to improve performance & performance of service providers
<b>6.Expenditure management</b>	To improve financial management so as to obtain an unqualified audit report	Updated bank reconciliation on daily basis.	Bank reconciliation updated	-Bank recon done daily and monthly for the whole financial year.		
		Submission of Annual Financial Statement by 31 August 2009	Financial Statement submitted	-AFS was submitted for auditing by August 2009	The municipality received a disclaimer due to the none adherence of sound financial management and proper budget control within the GFS vote structure.	
<b>7.Updating indigent register</b>	Annual review indigent register	Updated indigent register by 30 June 2010	Updated indigent register	-Registration of indigents in progress.	The indigent register for implementation 01 July 2009 AS PER POLICY was not adhered to and will be corrected in the new financial year 2009/2010.	
<b>8.Support services</b>	To ensure effective and efficient financial management of PHP housing, MIG, FMG, MSIG and any other grants in terms of the Division of Revenue Act (DORA)	Monthly reports to Council , Provincial and National Government within 10 days after each month end	All grant funding managed in accordance with the applicable legislation	-Monthly reports for the whole financial year were sent to Treasury and provincial departments.	Monthly reports with regard to all grants received have been done and submitted to relevant departments.	

